

**SCHOOL DISTRICT OF THE
BOROUGH OF WANAQUE
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**BOROUGH OF WANAQUE
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**BOARD OF EDUCATION
BOROUGH OF WANAQUE
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

PREPARED BY

**WANAQUE BOARD OF EDUCATION
FINANCE OFFICE**

INTRODUCTORY SECTION

WANAQUE PUBLIC SCHOOLS

LYNDA D'ANGIOLILLO, M.A.
DIRECTOR OF CURRICULUM,
INSTRUCTION, & PROFESSIONAL
DEVELOPMENT

DONNA L. CARDIELLO, M.A.
SUPERINTENDENT OF SCHOOLS

NANCY DI BARTOLO
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

November 26, 2013

Mr. Robert Adams, President
Members of the Board of Education
Wanaque Public School District
973A Ringwood Avenue
Haskell, New Jersey 07420

Dear Mr. Adams and Members of the Board of Education:

The Comprehensive Annual Financial Report of the School District of the Borough of Wanaque ("District") for the fiscal year ended **June 30, 2013**, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial positions and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: (1) Introductory; (2) Financial; (3) Statistical; and (4) Single Audit. The **Introductory** section includes this transmittal letter, the District's organizational chart and a list of principal officials. The **Financial** section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The **Statistical** section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996), the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the **Single Audit** section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in Statement No. 14. All funds and account groups of the District are included in this report. The Wanaque Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through eight, including regular education as well as special education programs. The District completed the **2012/13** fiscal year with an enrollment of 965 students, which is 23 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Change
2012/13	965	2.44%
2011/12	942	0.42%
2010/11	938	(0.32)%
2009/10	941	(0.95)%
2008/09	950	(2.0)%
2007/08	969	(2.6)%
2006/07	995	(1.5)%
2005/06	1,010	(2.3)%
2004/05	1,034	0.9%
2003/04	1,025	(1.4)%
2002/03	1,039	2.6%

2. ECONOMIC CONDITION AND OUTLOOK

Wanaque Borough is a rural/suburban residential community with its working population primarily employed by local businesses and other businesses in the surrounding area. The 2010 census reported a population in the Borough of 11,116.

Legislation at both the state and local levels have a negative impact on the future growth of the Borough and the operations of the District:

- The passage of the state's Highlands Act has limited and is likely to continue to limit growth and development in Wanaque in the coming years;
- While the State has recently developed a consistent, long-range formula for the funding of education, its ability to fully fund these obligations remains in question thus passing the financial burden to the local tax levy.
-

Other factors suggest a more positive outlook, such as;

- The creation of new housing and business developments throughout the community, which are either outside the scope of the Highlands Act or predate it.
- In an effort to curtail rising taxes, the State has passed and signed into legislation a 2% cap to the amount that a Board may increase the general fund tax levy. While it may have negative effects by way of limiting the financial resources and flexibility of the Board, it is expected to prove beneficial for the community.

3. MAJOR INITIATIVES

The District continues to work to move forward in providing our students with a better education, equipment and facilities.

Instructionally, due to a significant reduction in State Aid during the 2010-2011 school year, the district continues to share its librarian, music, and Spanish teacher between two locations. It is anticipated that these positions will continue to be shared unless State Aid to our school district changes considerably. Fortunately,

during the 2012/13 school year we were able to bring back a kindergarten teacher, an assistant principal, and a part-time secretarial position.

Our schools are also continuing to focus on implementing the Common Core State Curriculum Standards. As such, the District has identified areas in which our students need to achieve at higher levels in order to meet or exceed grade level standards. We will maintain our focus in the areas of Language Arts Literacy and Mathematics as well as Science and Technology. In an effort to prepare our students for PARCC, our schools concentrated on providing enriched learning environments supported by technology, which is interwoven into the curriculum. These learning environments afford opportunities to find and utilize information and resources while applying academic skills.

The District continues to move forward in improving articulation between our curriculum and those of the Ringwood Public Schools and Lakeland Regional High School districts. Toward this end, the District's Director of Curriculum, Instruction and Professional Development has been working closely with our professional staff, as well as with the other districts, to develop curriculum and train staff to ensure our children are well prepared for high school.

Having a Tri-district Director of Special Services has continually presented a problem for each of the districts in the region. Thus, during the 2012-2013 school year, our district removed ourselves from this shared services arrangement and hired a part time director who was able to focus solely on the needs of the students in our district. As such, greater attention was given to the Child Study Team's roles and responsibilities as well as best educational practices for special needs students. Our schools continue to focus on a more inclusive model for the education of students with disabilities. Our goal is to educate every appropriate disabled student with non-disabled students and to increase the expectations for students with disabilities. Our objective is to prepare these students to be as independent as possible and to have experiences similar to the non-disabled child. Professional development for our staff continued throughout the 2012/13 school year in this area.

4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the borough. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by GASB. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Note 1, "Notes to the Financial Statements".

Effective July 1, 2008, the District engaged Systems 3000, an integrated management information system designed for New Jersey school districts, to provide its financial accounting, reporting and personnel systems.

7. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was selected by the Board. In addition to meeting the requirements of the Single Audit Act of 1984 (as amended in 1996), and the related OMB Circular A-133 and New Jersey OMB Circular 04-04, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

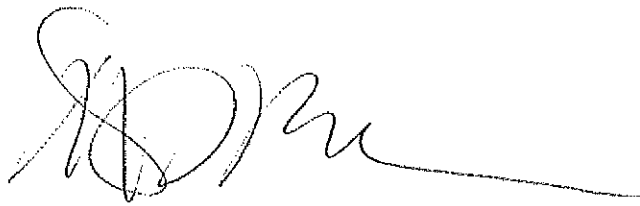
10. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Wanaque Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operations. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative, financial and secretarial staff.

Respectfully submitted,

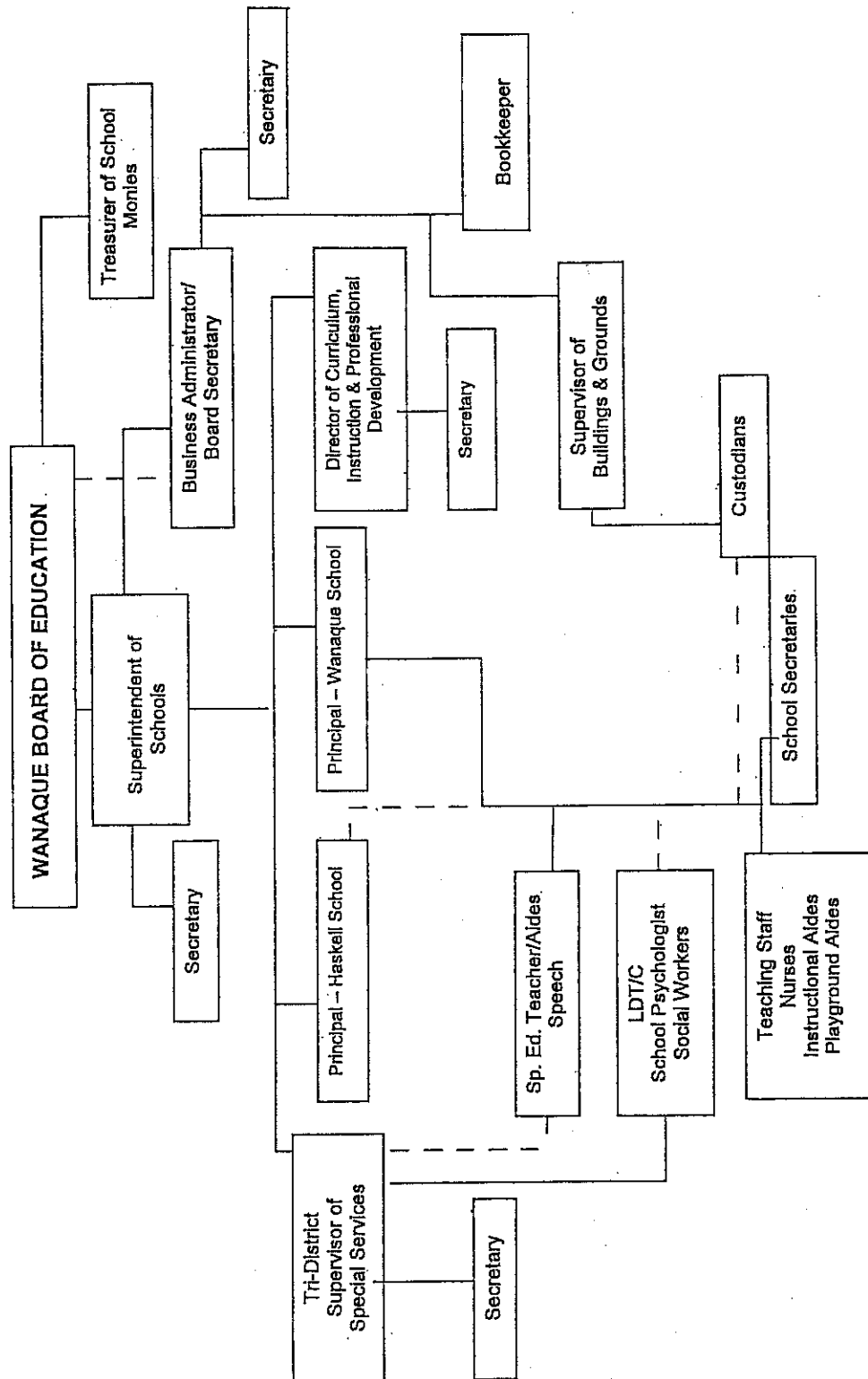


Ms. Donna L. Cardello, M.A.
Superintendent of Schools



Nancy Di Bartolo
Business Administrator/Board Secretary

WANAQUE BOARD OF EDUCATION Organizational Chart



**WANAQUE BOARD OF EDUCATION
WANAQUE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

Members of the Board of Education

Term Expires

Robert Adams, President	December 31, 2013
Suzin Triolo, Vice President	December 31, 2015
Dana Imbasciani	December 31, 2015
Robert Barnhardt	December 31, 2015
Barry Hain	December 31, 2014
Scott Marks	December 31, 2013
Tom Paster	December 31, 2013
Daniel Sinclair	December 31, 2014
Charles Strobel	December 31, 2014

Superintendent of Schools

Donna Cardiello

Business Administrator/Board Secretary

Kyle J. Bleeker

WANAQUE BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.
100B Main Street
Newton, New Jersey 07860

Board Attorney

Lindabury, McCormick & Estabrook
53 Cardinal Drive
P. O. Box 2369
Westfield, New Jersey 07091-2369

Labor Negotiators

Lindabury, McCormick & Estabrook
53 Cardinal Drive
P. O. Box 2369
Westfield, New Jersey 07091-2369

Official Depository

Lakeland Bank
Ringwood Avenue
Wanaque, New Jersey 07465

and

State of New Jersey Cash Management Fund
% Citi Fund Services
P. O. Box 182218
Columbus, OH 43218-2218

FINANCIAL SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Mr. Robert Adams, President and
Members of the Board of Education
Wanaque Borough School District
County of Passaic, New Jersey 07420

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Wanaque Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Wanaque Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 12 - 20 and 57 - 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Wanaque Board of Education's basic financial statements. The other supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal financial awards and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of the Borough of Wanaque Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope

Honorable President and
Members of the Board of Education
Page 4.

of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Wanaque Board of Education's internal control over financial reporting and compliance.



Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 26, 2013

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

SCHOOL DISTRICT OF THE BOROUGH OF WANAQUE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(UNAUDITED)

This discussion and analysis of the financial performance of the Wanaque Public School District ("District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis ("MD&A") is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Comprehensive Annual Financial Report ("CAFR")

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole. The statements then provide an increasingly detailed look at specific financial activities. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the District as a Whole

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting an aggregate view of the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the District, the General Fund is by far the most significant fund.

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012/13?" The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, condition of facilities, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District's operations are divided into two distinct kinds of activities:

- ◆ Governmental activities – all of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – this service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise funds are reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. Although the District uses many funds to account for a multitude of financial transactions, these financial statements focus on the District's most significant funds. These funds include the General Fund, Special Revenue Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Financial Highlights

Key financial highlights for 2012/13 are as follows:

- ◆ General revenues accounted for \$17,747,770 in revenue or 95.62% of all revenues. Program specific revenues in the form of operating grants and charges for services accounted for \$813,893 or 4.38% of total revenues of \$18,561,663.
- ◆ The District had \$17,997,122 in expenses related to Governmental Activities and Business-Type Activities; only \$813,893 of these expenses were offset by charges for services, grants or contributions. General revenues, comprised primarily of property taxes and federal and state aid in the amounts of \$13,137,681 and \$4,526,461, respectively, were adequate to provide for these programs.
- ◆ Among governmental funds, the General Fund had \$16,411,221 in revenues and other financing sources and \$16,282,881 in expenditures. As a result, the General Fund's balance increased \$128,340 over 2012.
- ◆ In the year ended June 30, 2013, the District had spent or had committed to spend \$20,150 for renovations at both schools, pursuant to the January 24, 2006 referendum.
- ◆ In the year ended June 30, 2013, the District made scheduled principal and interest payments of \$1,334,227 on the debt issued pursuant to the January 24, 2006 referendum and the safe project loans of 1993.

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. The following provides a summary of the District's net position as of June 30, 2013, as compared to the prior year.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Current and Other Assets	1,704,760	1,628,432	135,549	83,984	1,840,309	1,712,416
Capital Assets, Net	<u>15,878,957</u>	<u>16,116,801</u>	<u>29,871</u>	<u>35,436</u>	<u>15,908,828</u>	<u>16,152,237</u>
Total Assets	<u>17,583,717</u>	<u>17,745,233</u>	<u>165,420</u>	<u>119,420</u>	<u>17,749,137</u>	<u>17,864,653</u>
Liabilities:						
Current Liabilities	264,027	304,950	37,547	10,993	301,574	315,943
Noncurrent Liabilities	<u>15,671,555</u>	<u>16,337,242</u>			<u>15,671,555</u>	<u>16,337,242</u>
Total Liabilities	<u>15,935,582</u>	<u>16,642,192</u>	<u>37,547</u>	<u>10,993</u>	<u>15,973,129</u>	<u>16,653,185</u>
Net Position						
Invested in Capital						
Assets Net of Debt	610,819	187,061	29,891	35,436	640,710	222,497
Restricted	869,313	920,726			269,313	920,726
Unrestricted	<u>168,003</u>	<u>(4,746)</u>	<u>97,982</u>	<u>72,991</u>	<u>265,985</u>	<u>68,245</u>
Total Net Position	<u>1,648,135</u>	<u>1,103,041</u>	<u>127,873</u>	<u>108,427</u>	<u>1,776,008</u>	<u>1,211,468</u>

The following shows the changes in net position in the fiscal years ended June 30, 2013 and 2012, respectively.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program Revenues:						
Charges for Services			169,544	170,511	169,544	170,511
Operating Grants and Contributions	508,993	472,986	135,356	127,713	644,349	600,699
General Revenues:						
Taxes:						
Property Taxes	13,137,681	12,959,939			13,137,681	12,959,939
Grants and Entitlements	4,526,461	4,241,215			4,526,461	4,241,215
Other	<u>83,510</u>	<u>89,941</u>	<u>118</u>		<u>83,678</u>	<u>89,941</u>
Total Revenues	<u>18,256,645</u>	<u>17,764,081</u>	<u>305,018</u>	<u>298,224</u>	<u>18,561,663</u>	<u>18,062,305</u>

Table 2
Changes in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Functions/Programs:						
Instruction	11,030,227	10,781,108			11,030,227	10,781,108
Support Services:						
Student & Instruction						
Related Services	2,653,277	2,456,022			2,653,277	2,456,022
Administration, Business and						
Other Support Services	1,478,248	1,518,400			1,478,248	1,518,400
Operations and Maintenance						
Of Facilities	1,269,555	1,475,805			1,269,555	1,475,805
Pupil Transportation	594,165	569,581			594,165	569,581
Interest on Debt	686,078	714,129			686,078	714,129
Food Service			285,572	288,945	285,572	288,945
Charter School						
Total Expenditures	<u>17,711,550</u>	<u>17,515,045</u>	<u>285,572</u>	<u>288,945</u>	<u>17,997,122</u>	<u>17,803,990</u>
Increase or (Decrease)						
In Net Position	<u>545,095</u>	<u>249,036</u>	<u>19,446</u>	<u>9,279</u>	<u>564,541</u>	<u>258,315</u>

Governmental Activities

The unique nature of property taxes and school funding in New Jersey creates the need to routinely seek voter approval for District operations. Property taxes made up 71.96% percent of revenues for governmental activities for the District for the fiscal year ended June 30, 2013. Federal, state and local grants accounted for another 24.79%, while the balance came from interest and other sources. The District's total revenues were \$18,256,645 for the fiscal year ended June 30, 2013.

Exhibit A-2, "Statement of Activities", shows the cost of program services and the charges for services and grants offsetting those services, which are summarized below. The net cost reflects the net financial burden that was placed on the District's taxpayers for each of these functions.

	Total cost of services, Year ended June 30,		Net cost of services, Year ended June 30,	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction	11,030,277	10,781,108	10,599,987	10,417,855
Support services:				
Student and instruction related services	2,653,277	2,456,022	2,574,524	2,346,288
Administration, business and other support services	1,478,248	1,518,400	1,478,248	1,518,400
Operation and maintenance of facilities	1,269,555	1,475,805	1,269,555	1,475,805
Pupil transportation	594,165	569,581	594,165	569,581
Other	686,078	714,129	686,078	714,129
Charter School				
Total expenses	<u>\$17,711,550</u>	<u>\$17,515,045</u>	<u>\$17,202,557</u>	<u>\$17,042,058</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Administrative, business and other support services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as provided by state law.

Business-Type Activities

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ In the fiscal year ended June 30, 2013, food service revenues exceeded expenses by \$19,466. In the fiscal year ended June 30, 2012, revenues exceeded expenses by \$9,279.
- ◆ Charges for services represented \$169,544 of revenue in the year ended June 30, 2013, compared to \$170,511 in the prior fiscal year. This represents amounts paid by patrons for daily food services.
- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities, was \$135,356 and \$127,712 in the fiscal years ended June 30, 2013 and 2012, respectively.

The District's Funds

The District's funds are accounted for using a modified accrual basis of accounting. All governmental funds (i.e., general, special revenue and debt service funds presented in the fund-based statements) had total revenues of \$18,256,645 and expenditures of \$17,711,550 for the fiscal year ended June 30, 2013.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of governmental funds for the fiscal years ended June 30, 2013 and 2012, respectively:

	Year ended June 30, 2013		Year ended June 30, 2012	
	Amount	% of total	Amount	% of total
Local sources	\$13,227,490	72.4%	\$13,049,880	73.5%
State sources	4,597,753	25.2%	4,240,799	23.9%
Federal sources	431,402	2.4%	473,402	2.6%
Total revenues	<u>\$18,256,645</u>	<u>100.0%</u>	<u>\$17,764,081</u>	<u>100.0%</u>

The following schedule presents a summary of the expenditures of governmental funds for the fiscal years ended June 30, 2013 and 2012, respectively:

	Year ended June 30, 2013		Year ended June 30, 2012	
	Amount	% of total	Amount	% of total
Instruction	\$ 7,863,028	43.3%	\$ 7,820,735	43.8%
Support services	8,899,064	49.0%	8,447,328	47.3%
Capital outlay	49,932	.3%	227,679	1.3%
Debt service:				
Principal	641,292	3.6%	629,374	3.5%
Interest	692,935	3.8%	720,814	4.1%
Total expenses	<u>\$18,146,251</u>	<u>100.0%</u>	<u>\$17,845,930</u>	<u>100.0%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is accounted for using a modified accrual basis and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for financial management.

Capital Assets

At the end of the fiscal year, the District had \$24,044,791.32 invested in land, buildings, furniture and equipment, and vehicles. The following shows capital asset balances, net of accumulated depreciation, as of June 30, 2013 and 2012, respectively:

	Capital Assets at June 30,	
	2013	2012
Construction in process	\$15,607,839	
Buildings and improvements		\$15,856,267
Machinery and equipment	300,990	295,970
Totals	<u>\$15,908,829</u>	<u>\$16,152,237</u>

Overall, the balance of capital assets, net of accumulated depreciation, decreased \$243,408 as of June 30, 2013 relative to June 30, 2012, primarily as a result of accumulated depreciation.

Debt Administration

As of June 30, 2013 and 2012, the District had an outstanding debt balance of \$58,307 and \$114,599, respectively, from the August 18, 1993 issuance of general obligation bonds. In addition, pursuant to the January 24, 2006 referendum, the District issued general obligation bonds on June 1, 2006 that have an outstanding debt balance of \$15,141,000 as of June 30, 2013.

Other long-term debt includes liabilities for compensated absences of \$403,416 and \$407,502 as of June 30, 2013 and 2012, respectively and lease obligations totaling \$68,831 and \$89,141 as of June 30, 2013 and 2012, respectively.

For the Future

The Wanaque Public School District is presently in good financial condition. Going forward, however, there are significant concerns:

- Enrollment in special education programs continues to grow, as do the costs associated with these programs, including transportation;
- The District's operations are funded primarily by local property taxes, which means that, as Wanaque is primarily a residential community with few business ratables, the property tax burden is placed primarily on homeowners;
- While the State has recently developed a consistent, long-range formula for the funding of education, its ability to fully fund these obligations remains in question;
- The passage of the state's Highlands Bill has limited and is likely to continue to limit growth and development in Wanaque in the coming years;
- The passage of certain legislation by the State of New Jersey will have to continue to have a significant detrimental effect on the District's ability to manage its finances and to finance its operations;

On a historical basis, the District's budget has been successfully passed by the voters about half the time, including five of the last six years.

In addition, a referendum to approve extensive repairs at both schools was approved by the voters in January 2006.

In January 2012 the Governor of the State of New Jersey signed into law legislation allowing school districts to move their election from April to November. Thus eliminating the need to present a budget to the voters provided the increase in the General Fund Tax Levy is at or below the allowable cap as stipulated by the State. The Wanaque Public School District passed a resolution in February 2012 to utilize the new legislation and hold their election in November. This is expected to provide the district with better forecasting and planning abilities.

The Wanaque Public School District has committed itself to financial and educational excellence. The District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Administrator/Board Secretary at the Wanaque Board of Education, 973A Ringwood Avenue, Haskell, New Jersey 07420.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,148,774.21	110,543.64	1,259,317.85
Receivables, net	191,240.03	10,992.32	202,232.35
Internal Balances	(12,961.56)	12,961.56	-
Inventory		1,051.41	1,051.41
Restricted assets:			
Capital reserve account - cash	150,006.75		150,006.75
Maintenance reserve account - cash	214,500.00		214,500.00
Capital assets:			
Other capital assets, net	15,878,957.32	29,871.00	15,908,828.32
Total Assets	<u>17,570,516.75</u>	<u>165,419.93</u>	<u>17,735,936.68</u>
LIABILITIES			
Accounts payable	72,426.15	37,547.06	109,973.21
Accrued Interest Payable	151,073.43		151,073.43
Payable to federal government	2,793.00		2,793.00
Payable to state government	12,124.34		12,124.34
Unearned revenue	12,409.00		12,409.00
Noncurrent liabilities:			
Due within one year	679,571.73		679,571.73
Due beyond one year	14,991,983.03		14,991,983.03
Total liabilities	<u>15,922,380.68</u>	<u>37,547.06</u>	<u>15,959,927.74</u>
NET POSITION			
Invested in capital assets, net of related debt	610,818.97	29,891.00	640,709.97
Restricted for:			
Capital projects	201,824.44		201,824.44
Capital reserves	150,006.75		150,006.75
Maintenance reserves	214,500.00		214,500.00
Other purposes	302,982.17		302,982.17
Unrestricted	168,003.74	97,981.87	265,985.61
Total net position	<u><u>1,648,136.07</u></u>	<u><u>127,872.87</u></u>	<u><u>1,776,008.94</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	5,003,304.05	2,019,700.96		430,239.66	(6,592,765.35)	-	(6,592,765.35)
Special education	2,379,901.04	969,179.94			(3,349,080.98)	-	(3,349,080.98)
Other special instruction	313,598.93	127,949.83			(441,548.76)		(441,548.76)
Other instruction	166,223.77	50,368.52			(216,592.29)	-	(216,592.29)
Support services:							
Tuition	502,471.44	-			(502,471.44)	-	(502,471.44)
Student & instruction related services	1,625,340.88	525,464.82		78,753.07	(2,072,052.63)	-	(2,072,052.63)
General administrative services	357,242.71	92,991.55			(450,234.26)	-	(450,234.26)
School administrative service	348,324.34	133,885.77			(482,210.11)	-	(482,210.11)
Central Services and Admin. Infor. Tech.	449,669.71	96,133.37			(545,803.08)		(545,803.08)
Plant operations and maintenance	1,127,121.16	142,433.91			(1,269,555.07)	-	(1,269,555.07)
Pupil transportation	594,165.00	-			(594,165.00)	-	(594,165.00)
Interest on long-term debt	686,078.48	-			(686,078.48)		(686,078.48)
Total governmental activities	13,553,441.51	4,158,108.67	-	508,992.73	(17,202,557.45)	-	(17,202,557.45)
Business-type activities:							
Food Service	285,571.87		169,543.75	135,355.97	-	19,327.85	19,327.85
Total business-type activities	285,571.87		169,543.75	135,355.97	-	19,327.85	19,327.85
Total primary government	13,839,013.38		169,543.75	644,348.70	(17,202,557.45)	19,327.85	(17,183,229.60)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					12,238,245.00		12,238,245.00
Taxes levied for debt service					899,436.00		899,436.00
Federal and State aid not restricted					4,526,461.10		4,526,461.10
Tuition Received					60,695.30		60,695.30
Investment Earnings						118.23	118.23
Miscellaneous Income					22,814.78		22,814.78
Total general revenues, special items, extraordinary items and transfers					17,747,652.18	118.23	17,747,770.41
Change in Net Position					545,094.73	19,446.08	564,540.81
Net Position - beginning					1,103,041.34	108,426.79	1,211,468.13
Net Position—ending					1,648,136.07	127,872.87	1,776,008.94

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	944,556.78		201,882.79	2,334.64	1,148,774.21
Interfund receivable	3,652.59				3,652.59
Receivables from other governments	129,945.94	51,008.88			180,954.82
Other Receivable	9,764.34				9,764.34
Other - Tax Levy			181.00		181.00
Restricted cash and cash equivalents	364,506.75				364,506.75
Total assets	<u>1,452,426.40</u>	<u>51,008.88</u>	<u>202,063.79</u>	<u>2,334.64</u>	<u>1,707,833.71</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	51,816.98	20,609.17			72,426.15
Interfund payable	12,961.56	3,073.37	239.35		16,274.28
Payable to federal government		2,793.00			2,793.00
Payable to state government		12,124.34			12,124.34
Unearned revenue		12,409.00			12,409.00
Total liabilities	<u>64,778.54</u>	<u>51,008.88</u>	<u>239.35</u>	<u>-</u>	<u>116,026.77</u>
Fund Balances:					
Assigned to:					
Designated by the Board of Education for Subsequent Year's Expenditures	37,316.50			2,334.64	39,651.14
Other Purposes - Encumbrances	403,997.83				403,997.83
Restricted for:					
Capital Projects Fund			201,824.44		201,824.44
Excess Surplus	302,982.17				302,982.17
Excess Surplus Designated for Subsequent Year's Expenditures	208,052.50				208,052.50
Capital Reserve Account	150,006.75				150,006.75
Maintenance Reserve Account	214,500.00				214,500.00
Unassigned:					
General fund	70,792.11				70,792.11
Total fund balances	<u>1,387,647.86</u>	<u>-</u>	<u>201,824.44</u>	<u>2,334.64</u>	<u>1,591,806.94</u>
Total liabilities and fund balances	<u>1,452,426.40</u>	<u>51,008.88</u>	<u>202,063.79</u>	<u>2,334.64</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.

(151,073.43)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$23,953,898.32 and the accumulated depreciation is \$8,074,941.00.

15,878,957.32

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(15,671,554.76)

Net position of governmental activities

\$ 1,648,136.07

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	12,238,245.00			899,436.00	13,137,681.00
Tuition - Other LEA Within The State	60,695.30				60,695.30
Interest on Investments	-		322.30		322.30
Unrestricted Miscellaneous Revenues	22,492.48	6,299.00			28,791.48
Total - Local Sources	12,321,432.78	6,299.00	322.30	899,436.00	13,227,490.08
State sources	4,089,466.10	71,291.66		436,995.00	4,597,752.76
Federal sources	-	431,402.07			431,402.07
Total revenues	16,410,898.88	508,992.73	322.30	1,336,431.00	18,256,644.91
EXPENDITURES					
Current:					
Regular instruction	4,573,064.39	430,239.66			5,003,304.05
Special education instruction	2,379,901.04				2,379,901.04
Other special instruction	313,598.93				313,598.93
Other instruction	166,223.77				166,223.77
Support services and undistributed costs:					
Tuition	502,471.44				502,471.44
Student & instruction related services	1,566,897.39	78,753.07			1,645,650.46
General administrative services	357,242.71				357,242.71
School administrative services	348,324.34				348,324.34
Central Services and administrative Info. Tech.	449,669.71				449,669.71
Plant operations and maintenance	1,127,121.16				1,127,121.16
Pupil transportation	594,165.00				594,165.00
Unallocated employee benefits	3,874,418.99				3,874,418.99
Debt Service:					
Principal				641,291.60	641,291.60
Interest and other charges				692,935.34	692,935.34
Capital outlay	29,782.00		20,150.00		49,932.00
Total expenditures	16,282,880.87	508,992.73	20,150.00	1,334,226.94	18,146,250.54
Excess (Deficiency) of revenues over expenditures	128,018.01	-	(19,827.70)	2,204.06	110,394.37
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	322.30				322.30
Operating Transfers Out	-		(322.30)		(322.30)
Total other financing sources and uses	322.30	-	(322.30)	-	-
Net change in fund balances	128,340.31	-	(20,150.00)	2,204.06	110,394.37
Fund balance—July 1	1,259,307.55		221,974.44	130.58	1,481,412.57
Fund balance—June 30	1,387,647.86	-	201,824.44	2,334.64	1,591,806.94

The accompanying Notes to Financial Statements are an integral part of this statement.

**WANAQUE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Total net change in fund balances - governmental funds (from B-2)	110,394.37
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.	
Depreciation expense	\$ (287,775.70)
Capital outlay	<u>49,932.00</u>
	(237,843.70)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
(Increase)/Decrease in Compensated Absences Payable	4,086.02
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	
In the current year, these amounts consist of:	
Principal Payments on Capital Leases	20,309.58
Principal Payments on loan Payables	641,291.60
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is a increase in the reconciliation.	
	<u>6,856.86</u>
Change in net position of governmental activities	<u>545,094.73</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	110,543.64
Intergovernmental receivables:	
State Aid	621.67
Federal Aid	10,370.65
Interfund Accounts Receivable	12,961.56
Inventories	1,051.41
Total current assets	<u>135,548.93</u>
FIXED ASSETS:	
Furniture, machinery & equipment	90,893.00
Less accumulated depreciation	<u>(61,022.00)</u>
Total fixed assets	<u>29,871.00</u>
TOTAL ASSETS	<u><u>165,419.93</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	<u>37,547.06</u>
TOTAL CURRENT LIABILITIES	<u>37,547.06</u>
NET POSITION	
Invested in capital assets net of	
Related debt	29,891.00
Unrestricted	<u>97,981.87</u>
TOTAL NET POSITION	<u>127,872.87</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>165,419.93</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Fund Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	167,257.00
School lunch programs	2,286.75
Special functions	-
Miscellaneous	-
Total operating revenues	<u>169,543.75</u>
Operating expenses:	
Cost of sales	126,305.89
Salaries	93,292.31
Employee benefits	27,392.56
Purchased services	4,973.75
Management Fees	9,521.96
General supplies	14,010.57
Depreciation	5,565.00
Repairs	845.76
Miscellaneous	3,664.07
Total operating expenses	<u>285,571.87</u>
Operating loss	<u>(116,028.12)</u>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	4,072.35
Federal sources:	
National school lunch program	102,794.66
National school breakfast program	4,797.37
Special milk program	22.14
Food distribution program	23,669.45
Interest	118.23
Total nonoperating revenues (expenses)	<u>135,474.20</u>
Net income (loss) before operating transfers	<u>19,446.08</u>
Change in net position	<u>19,446.08</u>
Total net position - beginning	<u>108,426.79</u>
Total net position—ending	<u><u>127,872.87</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	169,543.75
Receipts/(payments) for interfunds	(1,378.53)
Payments to employees for services	(93,292.31)
Payments to suppliers for goods and services	(133,665.62)
Net cash used for operating activities	<u>(58,792.71)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	3,679.70
Federal Sources	103,542.19
Net cash provided by (used for) non-capital financing activities	<u>107,221.89</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on cash equivalents	118.23
Net cash provided by (used for) investing activities	<u>118.23</u>
Net increase (decrease) in cash and cash equivalents	48,547.41
Balances—beginning of year	<u>61,996.23</u>
Balances—end of year	<u><u>110,543.64</u></u>
Reconciliation of operating income (loss) to net cash (used for) by operating activities:	
Operating loss	(116,028.12)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	5,565.00
Food distribution program donated commodities	23,669.45
(Increase)/decrease in interfund receivables	(1,378.53)
(Increase)/decrease in inventory	2,825.23
Increase /(decrease) in accounts payable	26,554.26
Total adjustments	<u>57,235.41</u>
Net cash provided by (used for) operating activities	<u><u>(58,792.71)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	184,557.43	138,350.77
Interfund Receivable	<u>3,931.23</u>	
Total assets	<u>188,488.66</u>	<u>138,350.77</u>
LIABILITIES		
Payable to student groups		37,269.08
Payroll deductions and withholdings		88,592.05
Accrued Salaries and Wages		8,218.54
Interfund Payable		<u>4,271.10</u>
Total liabilities	<u>-</u>	<u>138,350.77</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>188,488.66</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Board Contributions	150,000.00
Plan member	14,135.25
Total Contributions	<u>164,135.25</u>
Investment earnings:	
Interest	190.90
Net investment earnings	<u>190.90</u>
 Total additions	 <u>164,326.15</u>
DEDUCTIONS	
Unemployment claims	<u>21,802.82</u>
Total deductions	<u>21,802.82</u>
 Change in net position	 142,523.33
 Net position—beginning of the year	 <u>45,965.33</u>
 Net position—end of the year	 <u><u>188,488.66</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education ("Board") of the Borough of Wanaque School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Wanaque School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Wanaque School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Tuition Revenues/Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Tuition Payable

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund" receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets (continued)

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities	Business-Type Activity
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

M. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fund Balances (continued):

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

Q. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

U. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

V. Recent Accounting Pronouncements:

In August 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In October 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which is effective for fiscal periods beginning after December 15, 2012, amends and supersedes previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any impact on the District's financial reporting.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Recent Accounting Pronouncements (continued):

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

In January 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$0- of the District's bank balance of \$2,592,019.31 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The district places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2013 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial Activities	Enterprise Fund	District Wide Financial Statements
Tax Levy	181.00	-	181.00
State Aid	129,945.94	621.67	130,567.61
Federal Aid	51,008.88	10,370.65	61,379.53
Other	9,764.34	-	9,764.34
Interfunds	<u>3,652.59</u>	<u>12,961.56</u>	<u>339.87</u>
Gross Receivables	<u>194,552.75</u>	<u>23,953.88</u>	<u>202,232.35</u>
Less Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>194,552.75</u>	<u>23,953.88</u>	<u>202,232.35</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2013 consist of the following:

Due for General Fund from Special Revenue Fund for short-term loans.	\$ 3,073.37
Due from Agency to Expendable Trust Fund for the 4th quarter SUI Money received in Agency account.	3,931.23
Due to Enterprise Fund from the General Fund for food service program revenues deposited in the General Fund.	12,961.56
Due to General Fund from Capital Projects for interest earned.	239.35
Due to General Fund from Payroll Agency Fund for interest earned.	<u>339.87</u>
	<u>\$20,545.38</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/13</u>
Governmental Activities:					
Capital Assets Being Depreciated					
Building and Building Improvements	22,042,008.56	20,150.00	-	-	22,062,158.56
Machinery and Equipment	<u>1,861,957.76</u>	<u>29,782.00</u>	<u>-</u>	<u>-</u>	<u>1,891,739.76</u>
Total Capital Assets Being Depreciated, Net	<u>23,903,966.32</u>	<u>49,932.00</u>	<u>-</u>	<u>-</u>	<u>23,953,898.32</u>
Less Accumulated Depreciation:					
Building and Improvements	(6,185,741.32)	(268,578.68)	-	-	(6,454,320.00)
Equipment	<u>(1,601,423.98)</u>	<u>(19,197.02)</u>	<u>-</u>	<u>-</u>	<u>(1,620,621.00)</u>
Total Accumulated Depreciation	<u>(7,787,165.30)</u>	<u>(287,775.70)</u>	<u>-</u>	<u>-</u>	<u>(8,074,941.00)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,116,801.02</u>	<u>(237,843.70)</u>	<u>-</u>	<u>-</u>	<u>15,878,957.32</u>
Governmental Activities, Capital Assets, Net	<u>16,116,801.02</u>	<u>(237,843.70)</u>	<u>-</u>	<u>-</u>	<u>15,878,957.32</u>
Business-Type Activity					
Food Services	<u>90,893.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,893.00</u>
Totals	<u>90,893.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,893.00</u>
Less Accumulated Depreciation - Food Services	<u>(55,547.00)</u>	<u>(5,475.00)</u>	<u>-</u>	<u>-</u>	<u>(61,022.00)</u>
Total Accumulated Depreciation	<u>(55,547.00)</u>	<u>(5,475.00)</u>	<u>-</u>	<u>-</u>	<u>(61,022.00)</u>
Business-Type Activity Capital Assets, Net	<u>35,436.00</u>	<u>(5,475.00)</u>	<u>-</u>	<u>-</u>	<u>29,871.00</u>

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 6. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$238,518.87
Student and Instruction Related Services	11,729.47
School Administration	7,494.57
General Administration	8,604.53
Plant Operations and Maintenance	<u>21,428.26</u>
Total Depreciation Expense	<u>\$287,775.70</u>

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2013 are as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Capital Lease payable	\$ 89,140.67	-	20,309.58	68,831.09	21,264.47	47,566.62
Compensated absences payable	407,502.43	-	4,086.02	403,416.41	-	403,416.41
Loans Payable	114,598.86	-	56,291.60	58,307.26	58,307.26	-
Bonds Payable	<u>15,726,000.00</u>	<u>-</u>	<u>585,000.00</u>	<u>15,141,000.00</u>	<u>600,000.00</u>	<u>14,541,000.00</u>
	<u>\$16,337,241.96</u>	<u>-</u>	<u>665,687.20</u>	<u>15,671,554.76</u>	<u>679,571.73</u>	<u>14,991,983.03</u>

A. Bonds Payable:

Bonds are authorized in accordance with State Law by the voters of the District through referendums.

All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

Outstanding Bonds Payable at June 30, 2013 consisted of the following:

<u>Issue</u>	<u>Issue</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal</u> <u>Balance at</u> <u>June 30, 2013</u>
School Bonds of 2006	6/01/06	\$18,276,000.00	4.375 - 4.500%	9/01/31	\$15,141,000.00

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued):

Principal and interest due on Serial Bonds Outstanding is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	600,000.00	663,076.26	1,263,076.26
2015	650,000.00	635,732.51	1,285,732.51
2016	685,000.00	606,529.38	1,291,529.38
2017	700,000.00	576,232.50	1,276,232.50
2018	730,000.00	544,951.25	1,274,951.25
2019-2023	3,925,000.00	2,214,543.75	6,139,543.75
2024-2038	4,275,000.00	1,292,512.50	5,567,512.50
2029-2032	<u>3,576,000.00</u>	<u>320,220.00</u>	<u>3,896,220.00</u>
	<u>15,141,000.00</u>	<u>6,853,798.15</u>	<u>21,994,798.15</u>

B. Public School Facilities Loan Payable:

Principal and interest due on Loans Outstanding is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>58,307.26</u>	<u>1,330.15</u>	<u>59,637.41</u>

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

C. Capital Leases

The District is leasing copier equipment totaling \$120,940.00 under capital leases.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2013:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$23,988.00
2015	23,988.00
2016	23,988.00
2017	<u>1,999.00</u>
Total Minimum Lease Payments	<u>73,963.00</u>
Less: Amount representing interest	(<u>5,131.91</u>)
Present Value of net minimum lease	<u>\$68,831.09</u>

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$21,264.47
2015	22,264.24
2016	23,311.02
2017	<u>1,991.36</u>
	<u>\$68,831.09</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 8. PENSION PLANS

Description of Plans - Substantially all employees of the District are covered by either the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP), which have been established by state statute. PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the Internet at: <http://www.state.nj.us/treasury/pensions/annrpts/archive.htm>.

Teachers' Pensions and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of *N.J.S.A. 18A:66* to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of *N.J.S.A. 43:15A* to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey of any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 8. PENSION PLANS (continued)

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% of PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. This phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year Ending</u>	
6/30/13	\$145,450.00
6/30/12	133,620.00
6/30/11	125,511.00

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>
6/30/13	\$416,101.00	\$495,260.00	\$21,893.00
6/30/12	207,541.00	461,984.00	22,272.00
6/30/11	-	469,710.00	22,114.00

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 8. PENSION PLANS (continued)

During the year ended June 30, 2013, the State of New Jersey contributed \$933,254.00 to the TPAF for pension contributions, NCGI premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$599,890.71 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

The Board made contributions to the DCRP for the years ended June 30, 2013 in the amount of \$1,402.98 and \$2,649.30, respectively. There were no contributions made for the year ended June 30, 2011.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Metlife
The Equitable
Lincoln Financial Group
AIH Valic
Syracusa Benefits Program
Financial Resource & Retirement Advisory, Inc.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$150,190.90	\$ 14,135.25	\$21,802.82	\$188,488.66
2011-2012	28,042.51	13,990.27	12,315.30	45,965.33
2010-2011	57,621.61	11,865.62	57,691.56	16,247.85

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Wanaque Board of Education by inclusion of \$100.00 on October 10, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$50,001.00
Interest earned	5.75
Deposit per Board review	<u>100,000.00</u>
Ending balance June 30, 2013	<u>\$150,006.75</u>

The balance in the capital reserve account at June 30, 2013 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 13. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education resolution adopted on June 23, 2009 in the amount of \$25,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A. 18A:7G-9*). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 13. MAINTENANCE RESERVE ACCOUNT (continued)

The activity of the maintenance reserve account for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	<u>\$214,500.00</u>
Ending balance, June 30, 2013	<u>\$214,500.00</u>

NOTE 14. INVENTORY

Inventory on the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 833.09
Supplies	<u>218.32</u>
	<u>\$1,051.41</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as unearned revenue.

NOTE 15: CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A. 18A:7F-7*, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$511,034.67, of this amount \$302,982.17 is the result of current year's operations.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 16. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$1,387,647.86 General Fund fund balance at June 30, 2013, \$403,997.83 is reserved for encumbrances, \$511,034.67 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7* \$(208,052.50) of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$150,006.75 has been reserved in the Capital Reserve Account, \$214,500.00 has been reserved in the Maintenance Reserve Account, \$37,316.50 has been appropriated and included as anticipated revenue for the year ended June 30, 2014, and \$70,792.11 is unreserved and undesignated.

Debt Service Fund - Of the \$2,334.64 Debt Service Fund fund balance at June 30, 2013, \$2,334.64 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$-0- is unreserved and undesignated.

NOTE 17. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - Counsel has advised us that there are no material litigation claims or assessments.

NOTE 18: SUBSEQUENT EVENT

The District has evaluated subsequent events through November 26, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY STATEMENTS
PART II**

BUDGETARY COMPARISON SCHEDULE

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	12,238,245.00		12,238,245.00	12,238,245.00	-
Tuition	50,000.00		50,000.00	60,695.30	10,695.30
Unrestricted Miscellaneous Revenues	20,000.00		20,000.00	22,492.48	2,492.48
Total - Local Sources	12,308,245.00	-	12,308,245.00	12,321,432.78	13,187.78
State Sources:					
Categorical Transportation Aid	49,508.00		49,508.00	49,508.00	-
Categorical Special Education Aid	540,085.00		540,085.00	540,085.00	-
Equalization Aid	1,856,664.00		1,856,664.00	1,856,664.00	-
Categorical Security Aid	17,767.00		17,767.00	17,767.00	-
Extraordinary Aid	100,000.00		100,000.00	90,475.00	(9,525.00)
Non Public Transportation Aid			-	10,786.39	10,786.39
On-behalf TPAF Pension (non-budgeted)			-	416,101.00	416,101.00
On-behalf TPAF NCGI Premium (non-budget)			-	21,893.00	21,893.00
On-behalf TPAF Post Retirement Medical (non-budget)			-	495,260.00	495,260.00
TPAF Social Security (Reimbursed - Non-Budgeted)			-	599,890.71	599,890.71
Total State Sources	2,564,024.00	-	2,564,024.00	4,098,430.10	1,534,406.10
Total Revenues	14,872,269.00	-	14,872,269.00	16,419,862.88	1,547,593.88
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	486,081.00	37,875.28	523,956.28	510,047.10	13,909.18
Grades 1-5 - Salaries of Teachers	2,298,935.00	48,437.18	2,347,372.18	2,294,328.95	53,043.23
Grades 6-8 - Salaries of Teachers	1,554,650.00	14,143.30	1,568,793.30	1,517,395.60	51,397.70
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000.00	13,254.50	28,254.50	26,977.50	1,277.00
General Supplies	-	413.26	413.26	413.26	-
Regular Programs - Undistributed Instruction					
Other Purchased Services (400-500 series)	10,584.00	416.76	11,000.76	11,000.76	-
General Supplies	207,864.47	(66,750.17)	141,114.30	132,608.58	8,505.72
Textbooks	116,170.09	30,081.65	146,251.74	77,628.47	68,623.27
Other Objects	10,000.00	(2,825.00)	7,175.00	2,664.17	4,510.83
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,699,284.56	75,046.76	4,774,331.32	4,573,064.39	201,266.93
Learning and/or Language Disabilities:					
Salaries of Teachers	340,834.00	(83,649.20)	257,184.80	252,134.80	5,050.00
Other Salaries for Instruction	138,895.00	2,780.00	141,675.00	138,895.00	2,780.00
General Supplies	2,259.55	-	2,259.55	1,376.90	882.65
Total Learning and/or Language Disabilities	481,988.55	(80,869.20)	401,119.35	392,406.70	8,712.65
Behavioral Disabilities:					
Salaries of Teachers	140,771.00	31,989.60	172,760.60	169,370.60	3,390.00
Other Salaries for Instruction	55,558.00	2,486.95	58,044.95	56,894.95	1,150.00
General Supplies	1,000.00	-	1,000.00	-	1,000.00
Total Behavioral Disabilities	197,329.00	34,476.55	231,805.55	226,265.55	5,540.00
Resource Room/Resource Center:					
Salaries of Teachers	1,049,854.00	18,207.85	1,068,061.85	1,058,273.80	9,788.05
Other Salaries for Instruction	374,517.00	(11,208.44)	363,308.56	356,083.56	7,225.00
General Supplies	11,333.88	(1,000.00)	10,333.88	7,227.04	3,106.84
Total Resource Room/Resource Center	1,435,704.88	5,999.41	1,441,704.29	1,421,584.40	20,119.89
Autism:					
Salaries of Teachers	211,416.00	(25,250.40)	186,165.60	182,515.60	3,650.00
Other Salaries for Instruction	108,616.00	(52,958.00)	55,658.00	54,558.00	1,100.00
General Supplies	5,885.85	-	5,885.85	4,914.52	971.33
Total Autism	325,917.85	(78,208.40)	247,709.45	241,988.12	5,721.33
Preschool Disabilities - Part-Time:					
Salaries of Teachers	82,863.00	13,300.00	96,163.00	93,092.90	3,070.10
Other Salaries for Instruction	27,779.00	(17,250.00)	10,529.00	-	10,529.00
General Supplies	500.00	-	500.00	133.55	366.45
Total Preschool Disabilities - Part-Time	111,142.00	(3,950.00)	107,192.00	93,226.45	13,965.55
Home Instruction:					
Salaries of Teachers	-	11,750.00	11,750.00	4,092.00	7,658.00
Other Purchased Services	-	2,500.00	2,500.00	337.82	2,162.18
Total Home Instruction:	-	14,250.00	14,250.00	4,429.82	9,820.18
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,552,082.28	(108,301.64)	2,443,780.64	2,379,901.04	63,879.60

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction					
Salaries of Teachers	326,685.00	1,156.00	327,841.00	312,389.00	15,452.00
General Supplies	2,428.69	-	2,428.69	1,209.93	1,218.76
Total Basic Skills/Remedial - Instruction	329,113.69	1,156.00	330,269.69	313,598.93	16,670.76
School-Spon. Co/Extra-Curr Activities - Instruction					
Salaries	77,349.00	(20,800.00)	56,549.00	50,588.58	5,960.42
Purchased Services (300-500 Series)	2,500.00	3,000.00	5,500.00	3,295.40	2,204.60
Supplies and Materials	2,500.00	-	2,500.00	524.26	1,975.74
Total School-Spon. Co/Extra Curr. Activities - Instruction	82,349.00	(17,800.00)	64,549.00	54,408.24	10,140.76
Before/After School Program - Instruction:					
Salaries of Teachers	-	87,795.25	87,795.25	35,280.25	52,515.00
Total Before/After School Program - Instruction:	-	87,795.25	87,795.25	35,280.25	52,515.00
Summer School - Inst.					
Salaries of Teachers	63,238.00	(6,840.00)	56,398.00	55,122.45	1,275.55
Other Salaries of Instruction	18,975.00	-	18,975.00	17,263.53	1,711.47
General Supplies	1,000.00	(550.00)	450.00	-	450.00
Total Summer School - Inst.	83,213.00	(7,390.00)	75,823.00	72,385.98	3,437.02
Summer School - Support Services:					
Purchased Prof. & Tech Services	-	4,390.00	4,390.00	4,149.30	240.70
Total Summer School - Support Services:	-	4,390.00	4,390.00	4,149.30	240.70
Total Instruction	7,746,042.53	34,896.37	7,780,938.90	7,432,788.13	348,150.77
Undistributed Expenditures - Instruction:					
Tuition to Other LEAS Within the State - Special	149,711.00	(40,250.00)	109,461.00	105,489.60	3,971.40
Tuition to CSSD & Reg. Day Schools	136,840.00	(16,800.00)	120,040.00	110,232.15	9,807.85
Tuition to Private School for Disabled w/in State	290,825.00	1,350.00	292,175.00	286,749.69	5,425.31
Total Undistributed Expenditures - Instruction:	577,376.00	(55,700.00)	521,676.00	502,471.44	19,204.56
Undist. Expend. - Health Services					
Salaries	169,606.00	4,181.30	173,787.30	170,077.30	3,710.00
Other Purchased Services	7,000.00	(5,800.00)	1,200.00	793.00	407.00
Supplies and Materials	3,782.34	2,250.00	6,032.34	5,258.38	773.96
Total Undistributed Expenditures - Health Services	180,388.34	631.30	181,019.64	176,128.68	4,890.96
Undist. Expend.- Speech, OT,PT & Related Services					
Salaries	191,935.00	2,225.00	194,160.00	189,347.80	4,812.20
Purchased Professional - Educational Services	107,500.00	7,050.00	114,550.00	100,171.00	14,379.00
Supplies and Materials	3,445.90	-	3,445.90	3,027.96	417.94
Total Undist. Expend.- Speech, OT,PT & Related Services	302,880.90	9,275.00	312,155.90	292,546.76	19,609.14
Undist. Expend.- Other Support Services Students - Extra. Serv.					
Salaries	55,558.00	2,390.00	57,948.00	56,808.00	1,140.00
Purchased Professional - Educational Services	48,000.00	20,250.00	68,250.00	65,642.30	2,607.70
Total Undist. Expend. - Other Support Services Students - Extra Serv.	103,558.00	22,640.00	126,198.00	122,450.30	3,747.70
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	163,540.00	3,280.00	166,820.00	163,540.00	3,280.00
Other Purchased Services	-	2,000.00	2,000.00	632.00	1,368.00
Supplies and Materials	2,045.48	-	2,045.48	1,470.10	575.38
Other Objects	22,500.00	(2,425.00)	20,075.00	3,884.83	16,190.17
Total Undist. Expend.- Guidance	188,085.48	2,855.00	190,940.48	169,526.93	21,413.55
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	227,534.00	26,750.00	254,284.00	249,284.00	5,000.00
Salaries of Secretarial and Clerical Assistants	50,359.00	1,114.96	51,473.96	50,463.96	1,010.00
Purchased Professional - Educational Services	83,230.50	975.00	84,205.50	80,880.50	3,325.00
Other Purchased Prof. And Tech. Services	45,900.00	(26,400.00)	19,500.00	19,399.49	100.51
Misc Purchased Services (400-500 series other than Resid Costs)	5,292.00	-	5,292.00	5,085.34	206.66
Supplies and Materials	10,053.05	635.00	10,688.05	10,619.82	68.23
Other Objects	-	390.00	390.00	150.00	240.00
Total Undist. Expend.- Child Study Team	422,368.55	3,464.96	425,833.51	415,883.11	9,950.40
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	138,071.00	(2,518.78)	135,552.22	132,892.22	2,660.00
Salaries of Secretarial and Clerical Assistants	46,484.00	(22,031.43)	24,452.57	23,972.57	480.00
Purchased Professional - Educational Services	41,769.00	29,981.00	71,750.00	47,943.55	23,806.45
Other Purchased Services (400-500)	1,000.00	5,050.00	6,050.00	5,865.50	184.50
Supplies and Materials	1,000.00	11,569.00	12,569.00	1,343.13	11,225.87
Total Undist. Expend. - Improvement of Inst. Serv.	228,324.00	22,049.79	250,373.79	212,016.97	38,356.82

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	117,726.00	2,370.00	120,096.00	117,726.00	2,370.00
Other Purchased Services (400-500 Series)	4,500.00	-	4,500.00	3,851.20	648.80
Supplies and Materials	25,415.76	-	25,415.76	13,840.46	11,575.30
Total Undist. Expend. - Edu. Media Serv./Sch. Library	147,641.76	2,370.00	150,011.76	135,417.66	14,594.10
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Services (400-500 series)	58,000.00	(7,100.00)	50,900.00	42,926.98	7,973.02
Total Undist. Expend. - Instructional Staff Training Serv.	58,000.00	(7,100.00)	50,900.00	42,926.98	7,973.02
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	210,047.00	19,033.58	229,080.58	206,030.58	23,050.00
Legal Services	47,000.00	11,828.00	58,828.00	39,143.63	19,684.37
Audit Fees	32,550.00	-	32,550.00	14,050.00	18,500.00
Architectural/Engineering Services	8,000.00	-	9,500.00	9,490.00	10.00
Other Purchased Professional Services	6,000.00	(1,100.00)	4,900.00	3,724.04	1,175.96
Communications/Telephone	69,600.00	(23,700.00)	45,900.00	26,898.82	19,001.18
BOE Other Purchased Services	1,000.00	1,250.00	2,250.00	2,237.04	12.96
Misc. Purch. Serv	37,432.00	850.00	38,282.00	38,263.68	18.32
General Supplies	3,729.00	(525.00)	3,204.00	3,163.37	40.63
Miscellaneous Expenditures	7,500.00	(1,000.00)	6,500.00	6,453.50	46.50
BOE Membership Dues and Fees	9,250.00	(575.00)	8,675.00	7,788.05	886.95
Total Undist. Expend. - Supp. Serv. - General Admin.	432,108.00	7,561.58	439,669.58	357,242.71	82,426.87
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals/Prog. Dir.	187,634.00	14,831.07	202,465.07	198,440.07	4,025.00
Salaries of Secretarial and Clerical Assistants	88,133.00	24,394.53	112,527.53	110,143.53	2,384.00
Purchased Professional and Technical Services	20,000.00	(20,000.00)	-	-	-
Other Purchased Services (400-500 series)	20,584.00	8,336.00	28,920.00	28,616.73	303.27
Supplies and Materials	4,000.00	(965.00)	3,035.00	2,557.85	477.15
Other Objects	7,000.00	2,600.00	9,600.00	8,566.16	1,033.84
Total Undist. Expend. - Support Serv. - School Admin.	327,351.00	29,196.60	356,547.60	348,324.34	8,223.26
Undist. Expend. - Central Services:					
Salaries	230,740.00	3,296.66	234,036.66	231,459.66	2,577.00
Purchased Technical Services	51,460.00	490.60	51,950.60	51,950.60	-
Miscellaneous Purchased Services (400-500 Series)	10,691.00	3,550.00	14,241.00	14,217.65	23.35
Supplies and Materials	4,000.00	-	4,000.00	3,987.67	12.33
Miscellaneous Expenditures	2,150.00	(890.60)	1,259.40	505.00	754.40
Total Undist. Expend. - Central Services:	299,041.00	6,446.66	305,487.66	302,120.58	3,367.08
Undist. Expend. - Administration Info. Tech.					
Salaries	15,000.00	(2,500.00)	12,500.00	3,249.59	9,250.41
Purchased Professional Services	71,400.00	800.00	72,200.00	72,200.00	-
Other Purchased Services (400-500 series)	40,800.00	11,565.00	52,365.00	50,907.70	1,457.30
Supplies and Materials	24,780.84	20,800.00	45,580.84	21,191.84	24,389.00
Total Undist. Expend. - Administration Info. Tech.	151,980.84	30,665.00	182,645.84	147,549.13	35,096.71
Undist. Expend. - Expend. Required Maint. School Facilities					
Salaries	49,470.00	1,530.00	51,000.00	50,000.00	1,000.00
Cleaning, Repair and Maintenance Services	100,964.84	2,750.00	103,714.84	99,362.61	4,352.23
General Supplies	2,799.95	-	2,799.95	2,332.88	467.07
Other Objects	5,676.06	(150.00)	5,526.06	4,296.49	1,229.57
Total Undist. Expend. - Expend. Required Maint. School Facilities	158,910.85	4,130.00	163,040.85	155,991.98	7,048.87
Undist. Expend. - Custodial Services					
Salaries	121,945.00	(22,185.13)	99,759.87	97,717.41	2,042.46
Cleaning, Repair and Maintenance Services	442,918.00	42,100.00	485,018.00	465,529.51	19,488.49
Other Purchased Property Services	23,660.00	(3,250.00)	20,410.00	17,635.49	2,774.51
Insurance	77,000.00	(12,225.00)	64,775.00	64,328.00	447.00
Miscellaneous Purchased Services	30,192.00	(6,750.00)	23,442.00	11,769.00	11,673.00
General Supplies	53,858.00	18,050.00	71,908.00	52,627.22	19,280.78
Energy (Electricity)	212,500.00	(73,200.00)	139,300.00	136,311.54	2,988.46
Other objects	1,000.00	(14.06)	985.94	100.00	885.94
Salaries of Non-Instructional Aides	78,947.00	3,427.87	82,374.87	80,749.87	1,625.00
Energy (Natural Gas)	70,102.00	(9,000.00)	61,102.00	37,491.08	23,610.92
Total Undist. Expend. - Custodial Services	1,112,122.00	(63,046.32)	1,049,075.68	964,259.12	84,816.56
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	10,000.00	(956.00)	9,044.00	5,900.00	3,144.00
General Supplies	-	970.06	970.06	970.06	-
Total Undist. Expend. Care & Upkeep	10,000.00	14.06	10,014.06	6,870.06	3,144.00
Total Undist. Expend. - Oper. & Maint. Plant Services	1,281,032.85	(58,902.26)	1,222,130.59	1,127,121.16	95,009.43

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Serv.					
Management Fee - ESC & CTSA Trans. Program	15,000.00	(1,300.00)	13,700.00	13,675.67	24.33
Contracted Services - (Bet. Home and Sch) - Joint Agreements	70,000.00	(2,375.00)	67,625.00	67,489.00	136.00
Contracted Services - (Sp Ed Stds) - Joint Agreements	49,750.00	(20,375.00)	29,375.00	29,352.16	22.84
Contract Services - (Spl. Ed. Students) - ESCs & CTSA's	339,327.00	125,200.00	464,527.00	450,940.17	13,586.83
Contract Services - Aid in Lieu Pymts - Nonpublic Schools	30,000.00	2,800.00	32,800.00	32,708.00	92.00
Total Undist. Expend. - Student Transportation Serv.	504,077.00	103,950.00	608,027.00	594,165.00	13,862.00
UNALLOCATED BENEFITS- EMPLOYEE BENEFITS					
Group Insurance	4,500.00	-	4,500.00	3,900.86	599.14
Social Security Contributions	175,000.00	-	175,000.00	142,618.01	32,381.99
T.P.A.F. Contributions - ERIP	20,159.00	-	20,159.00	13,753.92	6,405.08
Other Retirement Contributions - PERS	158,841.00	1,000.00	159,841.00	145,450.00	14,391.00
Other Retirement Contributions - Deferred PERS	-	1,000.00	1,000.00	762.50	237.50
Other Retirement Contributions - Regular	4,000.00	-	4,000.00	1,402.98	2,597.02
Unemployment Compensation	335,000.00	(185,000.00)	150,000.00	150,000.00	-
Workmen's Compensation	115,000.00	(21,150.00)	93,850.00	93,761.16	88.84
Health Benefits	1,687,839.00	8,050.00	1,695,889.00	1,679,440.44	16,448.56
Tuition Reimbursement	37,500.00	-	37,500.00	37,232.76	267.24
Other Employee Benefits	45,000.00	28,000.00	73,000.00	72,951.65	48.35
TOTAL UNALLOCATED BENEFITS	2,582,839.00	(168,100.00)	2,414,739.00	2,341,274.28	73,464.72
On-behalf TPAF Pension (non-budgeted)				416,101.00	(416,101.00)
On-behalf TPAF NCGI Premium (non-budget)				21,893.00	(21,893.00)
On-behalf TPAF Post Retirement Medical (non-budget)				495,260.00	(495,260.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				599,890.71	(599,890.71)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,533,144.71	(1,533,144.71)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,582,839.00	(168,100.00)	2,414,739.00	3,874,418.99	(1,459,679.99)
TOTAL UNDISTRIBUTED EXPENDITURES	7,787,052.72	(48,696.37)	7,738,356.35	8,820,310.74	(1,081,954.39)
TOTAL GENERAL CURRENT EXPENSE	15,533,095.25	(13,800.00)	15,519,295.25	16,253,098.87	(733,803.62)
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Undist. Expenditures - Instruction	2,856.90	-	2,856.90	2,856.90	-
Undist. Expend. - Care and Upkeep of Grounds	-	10,900.00	10,900.00	10,827.60	72.40
Undistributed Expenditures - Admin. Info Tech.	7,402.50	(7,402.50)	-	-	-
Undistributed Expenditures - Req. Maintenance School Facilities	-	13,197.50	13,197.50	13,197.50	-
Undistributed Expenditures - Security	-	2,900.00	2,900.00	2,900.00	-
Total Equipment	10,259.40	19,595.00	29,854.40	29,782.00	72.40
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services	15,000.00	(5,795.00)	9,205.00	-	9,205.00
Total Facilities Acquisition and Construction Services	15,000.00	(5,795.00)	9,205.00	-	9,205.00
TOTAL CAPITAL OUTLAY	25,259.40	13,800.00	39,059.40	29,782.00	9,277.40
TOTAL EXPENDITURES	15,558,354.65	-	15,558,354.65	16,282,880.87	(724,526.22)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(686,085.65)	-	(686,085.65)	136,982.01	823,067.66
Other Financing Sources (uses):					
Operating Transfer in - Capital Projects	-	-	-	322.30	322.30
Total Other Financing Sources:	-	-	-	322.30	322.30
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(686,085.65)	-	(686,085.65)	137,304.31	823,389.96
Fund Balance, July 1	1,485,332.55		1,485,332.55	1,485,332.55	
Fund Balance, June 30	799,246.90	-	799,246.90	1,622,636.86	823,389.96
Recapitulation of excess (deficiency of revenues under expenditures):					
Adjustment for prior year encumbrances	(314,489.65)		(314,489.65)	(314,489.65)	
Budgeted fund balance	(371,596.00)		(371,596.00)	451,793.96	823,389.96
	(686,085.65)	-	(686,085.65)	137,304.31	823,389.96

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Assigned Fund Balance:					
Year End Encumbrances				403,997.83	
Designated for Subsequent Year's Expenditures				37,316.50	
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				208,052.50	
Excess Surplus				302,982.17	
Capital Reserve				150,006.75	
Maintenance Reserve				214,500.00	
Unassigned Fund Balance				305,781.11	
				<u>1,622,636.86</u>	
Reconciliation to Government Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(234,989.00)	
Fund Balance per Governmental Funds (GAAP)				<u>1,387,647.86</u>	

Exhibit C-2

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		18,617.00	18,617.00	18,617.00	-
State Sources	70,076.00	13,340.00	83,416.00	83,390.00	(26.00)
Federal Sources	363,431.30	105,586.20	469,017.50	433,374.48	(35,643.02)
Total Revenues	433,507.30	137,543.20	571,050.50	535,381.48	(35,669.02)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	61,516.00	32,100.94	93,616.94	79,715.00	13,901.94
Other Salaries for Instruction		-			-
Purchased prof. & tech. services	52,886.00	13,340.00	66,226.00	66,226.00	-
Other Purchased Services	264,056.00	17,532.00	281,588.00	281,588.00	-
General Supplies	2,301.00	6,299.00	8,600.00	8,574.00	26.00
Textbooks	6,235.00	-	6,235.00	6,235.00	-
Total Instruction	386,994.00	69,271.94	456,265.94	442,338.00	13,927.94
Support Services					
Personal Services - Salaries		24,636.60	24,636.60	7,427.50	17,209.10
Personal Services - Employee Benefits		17,450.00	17,450.00	17,449.62	0.38
Purchased prof. Ed. Services	46,513.30	13,866.66	60,379.96	55,848.36	4,531.60
Other Purchased Services		-			-
Supplies and Materials		12,318.00	12,318.00	12,318.00	-
Total Support Services	46,513.30	68,271.26	114,784.56	93,043.48	21,741.08
Total Outflows	433,507.30	137,543.20	571,050.50	535,381.48	35,669.02
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**WANAQUE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Note A - Explanation of difference between budgetary inflows and outflows and
GAAP revenues and expenditures.**

		<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	16,419,862.88	535,381.48
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add: Prior Year Encumbrances			1,060.00
Less: Current Year Encumbrances			(27,448.75)
The last State Aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(234,989.00)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		226,025.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - government funds.	[B-2]	<u>16,410,898.88</u>	<u>508,992.73</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	16,282,880.87	535,381.48
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Add: Prior Year Encumbrances			1,060.00
Less: Current Year Encumbrances			(27,448.75)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - government funds.	[B-2]	<u>16,282,880.87</u>	<u>508,992.73</u>

OTHER SUPPLEMENTARY INFORMATION

WANAQUE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Total Brought Forward From (Ex. E-1a)	Title I Part - A Improving Basic Program	Title I Part - A Improving Basic Program Carryover	Title II Part - A Teacher / Principal Training & Recruiting	Title II Part - A Teacher / Principal Training & Recruiting Carryover	Totals 2013
REVENUES:						
Federal sources	315,465.15	94,138.62	10,478.00	5,865.21	7,427.50	433,374.48
State sources	83,390.00					83,390.00
Local sources	18,617.00					18,617.00
Total Revenues	417,472.15	94,138.62	10,478.00	5,865.21	7,427.50	535,381.48
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	-	69,867.00	9,848.00			79,715.00
Purchased prof. & tech. services	66,226.00					66,226.00
Other Purchased Services	281,588.00					281,588.00
Textbooks	6,235.00					6,235.00
General supplies	8,574.00					8,574.00
Total instruction	362,623.00	69,867.00	9,848.00	-	-	442,338.00
Support Services:						
Personal Services - Salaries	-				7,427.50	7,427.50
Personnel services - employee benefits	-	17,449.62				17,449.62
Purchased prof. Ed. Services	42,531.15	6,822.00	630.00	5,865.21		55,848.36
Supplies and Materials	12,318.00					12,318.00
Total support services	54,849.15	24,271.62	630.00	5,865.21	7,427.50	93,043.48
Total Expenditures	417,472.15	94,138.62	10,478.00	5,865.21	7,427.50	535,381.48
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

WANAQUE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Total Brought Forward From (Ex. E-1b)	I.D.E.A. Part B				Nonpublic Textbooks	Nonpublic Nursing Services	Nonpublic Technology Aid	Total Carried Forward To (Ex. E-1)
		Basic	Carryover	Preschool	Preschool Carryover				
REVENUES:									
Federal sources	-	249,825.19	51,135.96	13,921.00	583.00				315,465.15
State sources	66,226.00					6,235.00	8,654.00	2,275.00	83,390.00
Local sources	18,617.00								18,617.00
Total Revenues	84,843.00	249,825.19	51,135.96	13,921.00	583.00	6,235.00	8,654.00	2,275.00	417,472.15
EXPENDITURES:									
Instruction:									
Personal Services - Salaries	-								-
Purchased prof. & tech. services	66,226.00								66,226.00
Other Purchased Services	-	234,849.00	32,235.00	13,921.00	583.00				281,588.00
Textbooks	-					6,235.00			6,235.00
General supplies	6,299.00							2,275.00	8,574.00
Total instruction	72,525.00	234,849.00	32,235.00	13,921.00	583.00	6,235.00	-	2,275.00	362,623.00
Support Services:									
Personal Services - Salaries	-								-
Personnel services - employee benefits	-								-
Purchased prof. Ed. Services	-	14,976.19	18,900.96				8,654.00		42,531.15
Supplies and Materials	12,318.00								12,318.00
Total support services	12,318.00	14,976.19	18,900.96	-	-	-	8,654.00	-	54,849.15
Total Expenditures	84,843.00	249,825.19	51,135.96	13,921.00	583.00	6,235.00	8,654.00	2,275.00	417,472.15
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-

WANAQUE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Chapter 192 Auxiliary	Ch. 193 - Handicapped Services				Safety Grant	WHEF IPAD Cart	Total Carried Forward To (Ex. E-1a)
		Nonpublic Exam. & Class.	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction				
REVENUES:								
Federal sources								-
State sources	28,427.00	16,560.00	9,374.00	11,865.00		12,318.00	6,299.00	66,226.00
Local sources								18,617.00
Total Revenues	28,427.00	16,560.00	9,374.00	11,865.00		12,318.00	6,299.00	84,843.00
EXPENDITURES:								
Instruction:								
Personal Services - Salaries								-
Purchased prof. & tech. services	28,427.00	16,560.00	9,374.00	11,865.00				66,226.00
Other Purchased Services								-
Textbooks								-
General supplies							6,299.00	6,299.00
Total instruction	28,427.00	16,560.00	9,374.00	11,865.00		-	6,299.00	72,525.00
Support Services:								
Personal Services - Salaries								-
Personnel services - employee benefits								-
Purchased prof. Ed. Services						12,318.00		12,318.00
Supplies and Materials								-
Total support services	-	-	-	-		12,318.00	-	12,318.00
Total Expenditures	28,427.00	16,560.00	9,374.00	11,865.00		12,318.00	6,299.00	84,843.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-		-	-	-

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Revenue and Other Financing Sources

Interest Earned on Investments	322.30
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Total Revenues	322.30
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Expenditures and Other Financing Uses:

Purchased professional and technical services	20,150.00
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Total Expenditures	20,150.00
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Excess (deficiency) of revenue over (under) expenditures	(19,827.70)
--	-------------

Other Financing Sources/(Uses)"**Operating Transfer Out:**

Interest transferred to General Fund	322.30
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Total Other Financing Sources/(Uses):	322.30
--	--------

Fund balance - beginning	221,974.44
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Fund balance - ending	201,824.44
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**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
HASKELL ELEMENTARY IMPROVEMENTS & BUILDING SYSTEMS UPGRADING
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond proceeds and transfers	10,462,672.80		10,462,672.80	10,462,672.80
Local Tax Levy	108.60		108.60	108.60
Total Revenues	10,462,781.40	-	10,462,781.40	10,462,781.40
Expenditures and Other Financing Uses				
Purchase professional and technical services	4,081,998.40	10,075.00	4,092,073.40	4,092,098.40
Constructions services	5,784,555.09		5,784,555.09	5,944,406.33
Equipment purchases	424,135.22		424,135.22	424,135.22
Supply purchases	2,141.45		2,141.45	2,141.45
Total expenditures	10,292,830.16	10,075.00	10,302,905.16	10,462,781.40
Excess (deficiency) or revenues over (under) expenditures	\$ 169,951.24	\$ (10,075.00)	\$ 159,876.24	\$ -
Additional project information:				
Project Number	5440-050-05-1000			
Grant Date	N/A			
Bond Authorization Date	4/25/2006			
Bonds Authorized	10,462,781.40			
Bonds Issued	10,462,672.80			
Original Authorized Cost	10,462,781.40			
Additional Authorized Cost				
Revised Authorized Cost	10,462,781.40			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	98.36%			
Est. Original target completion date	Sep-07			
Est. Revised target completion date	Aug-13			

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
WANAQUE ELEMENTARY IMPROVEMENTS & BUILDING SYSTEMS UPGRADING
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond proceeds and transfers	7,813,327.20		7,813,327.20	7,813,327.20
Local Tax Levy	72.40		72.40	72.40
Total Revenues	7,813,399.60	-	7,813,399.60	7,813,399.60
Expenditures and Other Financing Uses				
Purchase professional and technical services	2,344,408.02	10,075.00	2,354,483.02	2,354,508.02
Constructions services	5,122,597.54		5,122,597.54	5,164,520.74
Equipment purchases	292,830.22		292,830.22	292,830.22
Supply purchases	1,540.62		1,540.62	1,540.62
Total expenditures	7,761,376.40	10,075.00	7,771,451.40	7,813,399.60
Excess (deficiency) or revenues over (under) expenditures	\$ 52,023.20	\$ (10,075.00)	\$ 41,948.20	\$ -
Additional project information:				
Project Number	5440-070-05-1000			
Grant Date	N/A			
Bond Authorization Date	4/25/2006			
Bonds Authorized	7,813,399.60			
Bonds Issued	7,813,327.20			
Original Authorized Cost	7,813,399.60			
Additional Authorized Cost				
Revised Authorized Cost	7,813,399.60			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	99.26%			
Est. Original target completion date	Sep-07			
Est. Revised target completion date	Aug-13			

WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PROJECT DESCRIPTION	STATE PLAN NUMBER	APPROPRIATION	EXPENDITURES		UNEXPENDED BALANCE
			PRIOR YEARS	CURRENT YEAR	
Haskell Elementary Improvements & Building Systems Upgrading	5440-050-05-1000	10,462,781.40	10,292,830.16	10,075.00	159,876.24
Wanaque Elementary Improvements & Building Systems Upgrading	5440-070-05-1000	7,813,399.60	7,761,376.40	10,075.00	41,948.20
		<u>\$ 18,276,181.00</u>	<u>\$ 18,054,206.56</u>	<u>\$ 20,150.00</u>	<u>\$ 201,824.44</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	110,543.64
Accounts receivable:	
State	621.67
Federal	10,370.65
Interfund Accounts Receivable:	
General Fund	12,961.56
Inventories	<u>1,051.41</u>
Total current assets	<u>135,548.93</u>
FIXED ASSETS:	
Equipment	90,893.00
Less: accumulated depreciation	<u>(61,022.00)</u>
Total fixed assets	<u>29,871.00</u>
TOTAL ASSETS	<u><u>165,419.93</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	
Accounts payable	<u>37,547.06</u>
Total Current Liabilities	<u>37,547.06</u>
NET POSITION	
Invested in Capital Assets Net of Related Debt	29,891.00
Unrestricted	<u>97,981.87</u>
Total Net Position	<u>127,872.87</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>165,419.93</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

OPERATING REVENUES:

Charges for services:

Daily sales reimbursable programs:

School lunch programs	167,257.00
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Special functions	2,286.75
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Miscellaneous	
---------------	--

Total operating revenues	169,543.75
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OPERATING EXPENSES:

Salaries	93,292.31
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Cost of food	126,305.89
--------------	------------

Employee benefits	27,392.56
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Supplies and materials	14,010.57
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Purchased Services	4,973.75
--------------------	----------

Management Fees	9,521.96
-----------------	----------

Depreciation	5,565.00
--------------	----------

Repairs	845.76
---------	--------

Miscellaneous	3,664.07
---------------	----------

Total operating expenses	285,571.87
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OPERATING INCOME (LOSS)	(116,028.12)
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NON-OPERATING REVENUES (EXPENSES):

State sources:

State school lunch program	4,072.35
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Federal sources:

National school lunch program	102,794.66
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National school breakfast program	4,797.37
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Special Milk Program	22.14
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Food distribution program	23,669.45
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Interest	118.23
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Total non-operating revenues (expenses)	135,474.20
---	------------

Net Income(Loss) Before Operating Transfers	19,446.08
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Change in net Position	19,446.08
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Total Net Position - beginning	108,426.79
--------------------------------	------------

Total Net Position - Ending	127,872.87
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**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

CASH FLOWS USED BY OPERATING ACTIVITIES:

Cash receipts from customers	169,543.75
Receipts/(payments) for interfunds	(1,378.53)
Payments to employees for services	(93,292.31)
Payments to suppliers for goods and services	<u>(133,665.62)</u>
Net cash provided by (used for) operating activities	<u>(58,792.71)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State Sources	3,679.70
Federal Sources	<u>103,542.19</u>
Net cash used by noncapital financing activities	<u>107,221.89</u>

CASH FLOW FROM INVESTING ACTIVITIES:

Interest on cash equivalents	<u>118.23</u>
Net cash provided by (used for) investing activities	<u>118.23</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 48,547.41

CASH AND CASH EQUIVALENTS, July 1 61,996.23

CASH AND CASH EQUIVALENTS, June 30 110,543.64

Reconciliation of operating (loss) to net cash provided (for) by operating activities:

Operating Income (loss)	(116,028.12)
Adjustments to reconcile operating (loss) to net cash provided (for) for operating activities:	
Depreciation	5,565.00
Food distribution program donated commodities	23,669.45
(Increase)/decrease in interfund receivables	(1,378.53)
(Increase)/decrease in inventory	2,825.23
Increase/(decrease) in accounts payable	<u>26,554.26</u>
Total adjustments	57,235.41

Net cash provided by (used for) operating activities (58,792.71)

WANAQUE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ASSETS

	<u>Agency Funds</u>		<u>Expendable Trust Fund</u>	<u>Totals</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Unemployment Compensation Insurance</u>	
ASSETS:				
Cash and cash equivalents	37,269.08	101,081.69	184,557.43	322,908.20
Interfund Receivable			3,931.23	3,931.23
Total Assets	<u>37,269.08</u>	<u>101,081.69</u>	<u>188,488.66</u>	<u>326,839.43</u>

LIABILITIES AND NET POSITION

LIABILITIES:

Payroll Deductions	88,592.05	88,592.05
Accrued Salaries and Wages	8,218.54	8,218.54
Due to student groups	37,269.08	37,269.08
Interfund Payable	4,271.10	4,271.10
Total liabilities	<u>37,269.08</u>	<u>138,350.77</u>

NET POSITION

Held in Trust for Unemployment
Claims and other Purposes

	188,488.66	188,488.66
Total Net Position	<u>188,488.66</u>	<u>188,488.66</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013**

	<u>Unemployment Compensation Insurance Trust</u>
ADDITIONS	
Contributions:	
Board - Budget	150,000.00
Plan Member	<u>14,135.25</u>
Total Contributions	<u>164,135.25</u>
Investment Earnings:	
Interest	<u>190.90</u>
Net Investment Earnings	<u>190.90</u>
Total Additions	<u>164,326.15</u>
DEDUCTIONS	
Unemployment claims	<u>21,802.82</u>
Total Deductions	<u>21,802.82</u>
Change in Net Position	<u>142,523.33</u>
Net Position - Beginning of the Year	<u>45,965.33</u>
Net Position - End of the Year	<u><u>188,488.66</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance July 30, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
Wanaque School	17,925.58	57,829.11	57,687.61	18,067.08
Haskell School	22,474.01	53,835.95	57,158.40	19,151.56
Wanaque School Petty Cash	6.17	395.08	400.09	1.16
Haskell School Petty Cash	1.03	474.40	426.15	49.28
	<u>40,406.79</u>	<u>112,534.54</u>	<u>115,672.25</u>	<u>37,269.08</u>
Total all schools	<u>40,406.79</u>	<u>112,534.54</u>	<u>115,672.25</u>	<u>37,269.08</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance July 30, 2012	Additions	Deletions	Balance June 30, 2013
Payroll deductions and withholdings	17,396.62	10,354,864.01	10,283,668.58	88,592.05
Accrued Salaries and Wages	3,576.19	21,008.35	16,366.00	8,218.54
Interfund Payable	3,525.92	4,290.86	3,545.68	4,271.10
TOTAL LIABILITIES	<u>24,498.73</u>	<u>10,380,163.22</u>	<u>10,303,580.26</u>	<u>101,081.69</u>

WANAQUE BOROUGH SCHOOL DISTRICT
 GENERAL LONG TERM DEBT ACCOUNT GROUP
 STATEMENT OF LOANS PAYABLE
 AS OF JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
			Date	Amount				
Safe Program Loan - Roof Improvements	8/18/1993	212,105.00	7/15/2013	11,165.84	1.50%	22,329.26	11,163.42	11,165.84
Small Project Loan - Roof Improvements	8/18/1993	636,315.00	7/15/2013	47,141.42	5.288%	92,269.60	45,128.18	47,141.42
						<u>114,598.86</u>	<u>56,291.60</u>	<u>58,307.26</u>

WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF BONDS PAYABLE
AS OF JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
			Date	Amount				
2006 School Bonds	06/01/06	18,276,000.00	9/1/2013	600,000	4.375%			
			9/1/2014	650,000	4.375%			
			9/1/2015	685,000	4.375%			
			9/1/2016	700,000	4.375%			
			9/1/2017	730,000	4.375%			
			9/1/2018	750,000	4.375%			
			9/1/2019	775,000	4.500%			
			9/1/2020	785,000	4.500%			
			9/1/2021	800,000	4.500%			
			9/1/2022	815,000	4.500%			
			9/1/2023	825,000	4.500%			
			9/1/2024	840,000	4.500%			
			9/1/2025	850,000	4.500%			
			9/1/2026	875,000	4.500%			
			9/1/2027	885,000	4.500%			
			9/1/2028-2030	900,000	4.500%			
			9/1/2031	876,000	4.500%			
						15,726,000.00	585,000.00	15,141,000.00

WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2013

Purpose	Date of Lease	Term of Lease	Amount of Original Issue	Balance July 1, 2012	Retired Current Year	Balance June 30, 2013
(3) Savin 9228SP Digital Copiers, (2) Savin Pro 1107EX Digital Copiers, (2) Savin 9070SP Digital Copiers and (1) Savin 9240SP Digital Copier with Accessories	6/23/2011	5 Years	106,955.60	89,140.67	20,309.58	68,831.09
				<u>89,140.67</u>	<u>20,309.58</u>	<u>68,831.09</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	899,436.00		899,436.00	899,436.00	-
Total revenues - local sources	899,436.00	-	899,436.00	899,436.00	-
State sources:					
Debt service aid type II	436,995.00		436,995.00	436,995.00	-
Total state sources	436,995.00	-	436,995.00	436,995.00	-
TOTAL REVENUES	1,336,431.00	-	1,336,431.00	1,336,431.00	-
EXPENDITURES					
Regular debt service:					
Interest	692,935.34		692,935.34	692,935.34	-
Redemption of principal	643,495.66		643,495.66	641,291.60	2,204.06
Total regular debt service	1,336,431.00	-	1,336,431.00	1,334,226.94	2,204.06
TOTAL EXPENDITURES	1,336,431.00	-	1,336,431.00	1,334,226.94	2,204.06
Net Change in fund balances	-	-	-	2,204.06	2,204.06
Fund balance - July 1	130.58		130.58	130.58	-
Fund balance - June 30	130.58	-	130.58	2,334.64	2,204.06

STATISTICAL SECTION

OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

Financial Trends Information/Schedules

J-1	Net Position by Component
J-2	Changes in Net Position
J-3	Fund Balances-Governmental Funds
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J-5	General Fund Other Local Revenue by Source

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J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

Debt Capacity Information

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J-12	Direct and Overlapping Governmental Activities Debt
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Demographic and Economic Information

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Operating Information

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J-18	School Building Information
J-19	Schedule of Allowable Maintenance Expenditures by School
J-20	Insurance Schedule

WANAQUE BOARD OF EDUCATION

Net Assets/Position by Component,
Last Ten Fiscal Years (*)
(accrual basis of accounting)**

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Governmental activities										
Invested in capital assets, net of related debt										
Restricted	228,370	(16,481,951)	(2,710,802)	(448,541)	744,603	968,510	1,142,602	187,061		610,819
Unrestricted	650,062	17,339,820	4,923,552	3,492,194	1,715,524	1,389,902	1,368,088	920,726		869,313
	(37,448)	19,945	(322,300)	(368,004)	(334,320)	(284,786)	(537,951)	(4,746)		168,004
Total governmental activities net assets/position	840,984	877,814	1,890,449	2,675,650	2,125,807	2,073,626	1,972,739	1,103,041		1,648,136
Business-type activities										
Invested in capital assets, net of related debt										
Unrestricted	24,226	21,741	19,257	35,015	68,127	63,909	59,691	35,436		29,891
	21,770	18,441	23,086	35,808	18,673	36,594	58,148	72,991		97,982
Total business-type activities net assets/position	45,996	40,182	42,343	70,823	86,800	100,502	117,839	108,427		127,873
District-wide										
Invested in capital assets, net of related debt										
Restricted	252,596	(16,460,210)	(2,691,545)	(413,526)	812,730	1,032,419	1,202,293	222,497		640,710
Unrestricted	650,062	17,339,820	4,923,552	3,492,194	1,715,524	1,389,902	1,368,088	920,726		869,313
	(15,678)	38,386	(299,214)	(332,196)	(315,647)	(248,192)	(479,804)	68,245		265,986
Total district net assets/position	886,980	917,995	1,932,792	2,746,472	2,212,607	2,174,129	2,090,577	1,211,468		1,776,009

Source: CAFR Schedule A-1

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

** GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WANAQUE BOARD OF EDUCATION

Changes in Net Assets/Position**
Last Ten Fiscal Years (*)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Expenses										
Governmental activities										
Instruction										
Regular	5,926,597	6,214,662	6,297,654	6,664,948	6,812,355	7,121,678	6,906,467	7,037,106	7,023,006	
Special education	1,587,092	1,711,658	1,758,362	2,180,994	2,441,206	2,310,837	2,618,944	3,086,391	3,349,081	
Other special education	41,211	30,111	80,333	100,765	125,654	119,623	153,171	433,478	441,549	
Other instruction	31,732	28,284	40,828	110,348	150,043	280,619	214,025	224,132	216,592	
Support Services:										
Tuition	849,778	530,049	754,620	975,813	788,806	586,890	793,360	578,264	502,471	
Student & instruction related services	1,224,605	1,676,325	1,835,934	2,026,570	2,031,017	1,964,972	1,671,061	1,877,758	2,150,806	
General administrative services	518,570	569,713	580,751	541,122	535,515	595,390	477,938	494,891	450,234	
School administrative services	433,953	552,457	515,753	542,724	484,784	501,823	477,922	528,197	482,210	
Central Services and Admin. Info. Tech.	501,227	501,584	577,782	610,830	563,322	636,032	522,093	495,312	545,803	
Plant operations and maintenance	1,044,719	1,184,252	1,282,274	1,397,460	1,579,726	1,534,505	1,625,032	1,475,805	1,269,555	
Pupil transportation	457,135	462,797	444,921	591,623	494,102	510,442	605,773	569,581	594,165	
Charter Schools		1,462	17,563	3,167	19,851	11,576	10,258	714,129	686,078	
Interest on Long term debt	30,928	36,045	742,134	813,758	790,703	766,759	741,320			
Unallocated Benefits										
Total governmental activities expenses	<u>12,647,547</u>	<u>13,499,398</u>	<u>14,928,910</u>	<u>16,560,123</u>	<u>16,817,084</u>	<u>16,921,147</u>	<u>16,817,366</u>	<u>17,515,045</u>	<u>17,711,550</u>	
Business-type activities:										
Food service	209,887	229,606	241,211	263,139	258,732	265,408	256,478	288,945	285,572	
Total business-type activities expense	<u>209,887</u>	<u>229,606</u>	<u>241,211</u>	<u>263,139</u>	<u>258,732</u>	<u>265,408</u>	<u>256,478</u>	<u>288,945</u>	<u>285,572</u>	
Total district expenses	<u>12,857,435</u>	<u>13,729,004</u>	<u>15,170,121</u>	<u>16,823,263</u>	<u>17,075,816</u>	<u>17,186,554</u>	<u>17,073,844</u>	<u>17,803,990</u>	<u>17,997,122</u>	
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Operating grants and contributions	450,751	588,671	487,927	608,841	499,822	672,805	556,191	472,987	508,992	
Total governmental activities program revenues	<u>450,751</u>	<u>588,671</u>	<u>487,927</u>	<u>608,841</u>	<u>499,822</u>	<u>672,805</u>	<u>556,191</u>	<u>472,987</u>	<u>508,992</u>	
Business-type activities:										
Charges for services										
Food service	143,376	150,787	163,192	181,216	179,536	188,632	162,156	170,511	169,544	
Operating grants and contributions	67,592	72,466	79,597	91,600	94,598	110,259	111,659	127,712	136,356	
Total business type activities program revenues	<u>210,968</u>	<u>223,253</u>	<u>242,789</u>	<u>272,816</u>	<u>274,134</u>	<u>278,891</u>	<u>273,815</u>	<u>298,224</u>	<u>304,900</u>	
Total district program revenues	<u>661,719</u>	<u>811,924</u>	<u>730,716</u>	<u>881,658</u>	<u>773,956</u>	<u>951,697</u>	<u>830,006</u>	<u>771,211</u>	<u>813,892</u>	

WANAQUE BOARD OF EDUCATION

Changes in Net Assets/Position**
Last Ten Fiscal Years (*)
(actual basis of accounting)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue									
Governmental activities	(12,196,796)	(12,910,727)	(14,440,983)	(15,951,282)	(16,317,262)	(16,248,342)	(16,261,174)	(17,042,058)	(17,202,558)
Business-type activities	1,080	(6,353)	1,578	9,677	15,402	13,484	17,336	9,279	19,328
Total district-wide net expense	<u>(12,195,716)</u>	<u>(12,917,080)</u>	<u>(14,439,404)</u>	<u>(15,941,605)</u>	<u>(16,301,860)</u>	<u>(16,234,858)</u>	<u>(16,243,838)</u>	<u>(17,032,779)</u>	<u>(17,183,230)</u>
General Revenues and Other Changes in Net Position									
Governmental activities:									
Property taxes levied for general purposes, net	9,006,898	9,432,336	9,975,454	10,532,586	10,766,727	11,298,080	11,820,965	12,057,384	12,238,245
Taxes levied for debt service	60,252	61,634	669,142	810,674	400,680	344,276	462,988	902,555	899,436
Unrestricted grants and contributions	3,262,582	3,359,371	3,835,603	4,778,319	4,253,577	4,272,855	3,633,243	4,241,215	4,526,461
Investment Earnings			831,132	518,984	74,559	5,396			
Miscellaneous Income	114,927	94,216	142,287	114,161	271,876	275,554	243,080	89,941	83,510
Transfers				(18,242)					
Total governmental activities	<u>12,444,659</u>	<u>12,947,557</u>	<u>15,453,618</u>	<u>16,736,483</u>	<u>15,767,419</u>	<u>16,196,160</u>	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,652</u>
Business-type activities:									
Investment earnings	398	539	583	561	576	219			118
Miscellaneous Income									
Transfers				18,242		219			118
Total business-type activities	<u>398</u>	<u>539</u>	<u>583</u>	<u>18,803</u>	<u>576</u>	<u>219</u>	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,770</u>
Total district-wide	<u>12,445,057</u>	<u>12,948,096</u>	<u>15,454,201</u>	<u>16,755,285</u>	<u>15,767,995</u>	<u>16,196,379</u>	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,770</u>
Change in Net Position									
Governmental activities	247,863	36,830	1,012,635	785,200	(549,842)	(52,181)	(100,888)	249,036	545,094
Business-type activities	1,479	(5,814)	2,162	28,479	15,977	13,703	17,336	9,279	19,446
Total district	<u>249,341</u>	<u>31,016</u>	<u>1,014,797</u>	<u>813,680</u>	<u>(533,865)</u>	<u>(38,478)</u>	<u>(83,551)</u>	<u>258,315</u>	<u>564,540</u>

Source: CAFR Schedule A-2

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

** GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WANAQUE BOARD OF EDUCATION

**Fund Balances, Governmental Funds,
Last Ten (*) Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
General Fund										
Reserved	650,060	524,108	885,753	814,017	481,146	717,798			875,541	
Unreserved	316,704	205,619	212,794	305,869	178,926	87,689	745,179	698,621	70,792	
Restricted							363,924	314,490		
Committed							33,619	145,529		
Assigned							57,826	100,668		441,314
Unassigned							1,200,548	1,259,308		1,387,647
Total general fund	<u>966,765</u>	<u>729,727</u>	<u>1,098,548</u>	<u>1,119,886</u>	<u>660,072</u>	<u>805,487</u>	<u>1,200,548</u>	<u>1,259,308</u>		<u>1,387,647</u>
All Other Governmental Funds										
Assigned										2,335
Debt service fund										
Reserved										
Unreserved, reported in:										
Special revenue fund	(1,483)	(1,581)	(1,583)	(3,704)						
Capital projects fund		17,024,025	3,201,455	1,371,790	325,822	228,214	219,989	221,974	201,824	
Debt service fund	2	21,221	836,343	1,306,386	908,556	443,890	5,376	131		
Total all other governmental funds	<u>(1,481)</u>	<u>17,043,666</u>	<u>4,036,215</u>	<u>2,674,473</u>	<u>1,234,378</u>	<u>672,104</u>	<u>225,366</u>	<u>222,105</u>	<u>204,159</u>	

Source: CAFR Schedule B-1

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years (*)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Revenues										
Tuition charges	\$ 9,067,150	\$ 9,493,970	\$ 10,644,596	\$ 11,343,260	\$ 11,167,407	\$ 11,642,356	\$ 12,283,963	\$ 12,959,939	\$ 13,137,661	
Miscellaneous	114,927	94,035	973,419	633,145	346,436	285,297	45,630	88,489	60,695	
State sources	3,370,951	3,825,516	3,952,094	4,978,292	4,356,771	4,018,093	3,710,532	4,240,799	4,597,753	
Federal sources	342,382	122,526	371,436	408,869	396,627	923,220	471,403	473,402	431,402	
Total revenue	12,895,410	13,536,047	15,941,545	17,363,566	16,267,241	16,868,966	16,716,478	17,764,081	18,256,645	
Expenditures										
Instruction										
Regular instruction	4,487,634	4,658,877	4,555,932	4,710,602	5,055,726	5,507,578	4,965,120	5,040,950	5,003,304	
Special education instruction	1,182,630	1,255,867	1,250,614	1,501,388	1,825,193	1,781,551	1,873,288	2,291,599	2,379,901	
Other special instruction	31,029	22,374	56,319	68,725	92,323	92,659	110,021	321,627	313,559	
Other instruction	24,213	21,207	28,894	75,840	110,978	201,019	153,433	186,566	166,224	
Support Services										
Tuition	849,778	530,049	754,620	975,813	788,806	586,850	793,360	578,264	502,471	
Student & instruction related services	946,209	1,281,716	1,374,708	1,563,613	1,686,731	1,623,025	1,332,627	1,540,917	1,645,651	
General administrative services	455,613	500,214	496,933	437,411	468,112	523,670	377,382	394,065	357,243	
School Administrative services	348,542	405,013	353,788	377,121	349,906	362,922	320,149	333,189	348,324	
Central Services	390,248	376,239	425,213	442,953	456,614	555,680	446,075	417,722	449,670	
Business administrative services										
Plant operations and maintenance	870,460	970,861	1,018,287	1,105,274	1,200,623	1,189,694	1,216,936	1,237,291	1,127,121	
Pupil transportation	457,135	462,797	444,921	591,523	494,102	510,442	605,773	569,581	594,165	
Unallocated employee benefits	2,496,635	2,834,746	3,353,326	3,641,524	3,212,443	2,872,543	3,167,513	3,316,299	3,874,419	
Charter Schools		1,462	17,563	3,167	19,851	11,576	10,258			
Capital outlay	170,962	1,618,202	13,860,424	1,971,797	1,104,969	143,003	54,016	227,679	49,932	
Debt Service:										
Principal	43,627	44,909	46,316	497,778	534,327	550,900	592,593	629,374	641,282	
Interest and Other Charges	21,904	19,585	580,168	819,045	796,447	772,673	747,609	720,813	692,935	
Total expenditures	12,774,238	15,004,118	28,618,028	18,783,674	18,167,150	17,285,825	16,768,154	17,845,930	18,146,251	
Excess (Deficiency) of revenues over (under) expenditures	121,172	(1,468,072)	(12,676,483)	(1,420,108)	(1,899,909)	(416,859)	(51,676)	(81,848)	110,394	
Other Financing sources (uses)										
Capital leases (non-budgeted)	140,770		37,853	97,945				106,956	30,391	
Cancellation of Accounts Payable										
Bond proceeds		18,276,181								
Transfers in		21,220	767,676	452,069	40,683	5,375			322	
Transfers out		(21,220)	(767,676)	(470,311)	(40,683)	(5,375)			(322)	
Total other financing sources (uses)	140,770	18,276,181	37,853	79,703	-	(0)	-	137,347	-	
Net change in fund balances	\$ 261,942	\$ 16,808,109	\$ (12,638,629)	\$ (1,340,405)	\$ (1,899,909)	\$ (416,859)	\$ (51,676)	\$ 55,498	\$ 110,394	
Debt service as a percentage of noncapital expenditures	0.517%	0.482%	4.245%	7.833%	7.800%	7.721%	8.018%	7.664%	7.373%	

Source: CAFR Schedule B-2

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Services and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

WANAQUE BOARD OF EDUCATION
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2004	12,599	69,542	323,772	405,913
2005	27,174		87,753	114,927
2006	61,821		32,214	94,035
2007	831,132		142,287	973,419
2008	66,915		114,161	181,076
2009	33,876	258,841	13,035	305,752
2010	14,261	164,608	96,685	275,554
2011	4,866	204,950	33,264	243,080
2012		88,499	1,314	89,813
2013	322	60,695	28,791	89,808

Source: District Records

WANAQUE BOARD OF EDUCATION

Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years*
Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qlarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	25,166,700	413,441,174	127,300	13,300	42,837,720	13,077,890	1,600,100	496,264,184	858,318	497,122,502	1.770	858,118,559
2005	25,063,200	413,565,074	127,300	13,300	43,334,120	12,895,390	1,600,100	496,598,484	853,956	497,452,440	1.870	942,085,685
2006	21,801,500	439,711,174	0	0	42,899,120	12,895,390	1,600,100	518,907,284	886,471	519,593,755	1.880	1,122,087,188
2007	24,877,300	483,491,974	0	0	42,143,720	10,828,090	1,600,100	562,941,184	637,511	563,578,695	2.030	1,348,849,124
2008	24,025,200	498,917,774	0	0	40,972,420	10,828,090	1,600,100	576,343,584	677,148	577,020,732	3.093	1,425,532,571
2009	25,113,400	498,394,774	0	0	40,494,020	10,828,090	1,600,100	576,430,384	726,242	577,156,626	2.010	1,403,083,133
2010	24,185,700	502,053,074	0	3,800	41,896,720	10,591,890	1,600,100	580,331,284	0	580,331,284	2.072	1,386,159,406
2011	23,389,700	502,533,744	0	3,800	41,631,020	10,321,790	1,379,200	579,259,254	0	579,259,254	2.217	1,351,251,430
2012	23,115,800	507,724,774		3,800	41,574,020	10,321,790	1,379,200	584,119,384		584,119,384	2.239	1,325,363,106

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

(rate per \$100 of assessed value)

Assessment Year	Wanaque Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Borough of Wanaque	Passaic County	
2003	1.660		1.66	0.92	1.07	0.89	4.54
2004	1.770		1.77	1.02	1.08	0.95	4.82
2005	1.870		1.87	1.05	1.13	1.00	5.05
2006	1.868	0.012	1.88	1.12	1.13	1.13	5.26
2007	2.009	0.021	2.03	1.17	1.135	1.19	5.52
2008	1.895	0.021	1.92	1.18	1.33	1.26	5.68
2009	1.991	0.021	2.01	1.23	1.37	1.22	5.84
2010	0.867	1.205	2.07	1.30	1.46	1.28	6.11
2011	0.950	1.27	2.22	1.22	1.52	1.34	6.30
2012	2.089	0.15	2.24	1.22	1.58	1.46	6.50

Source: District Records and Municipal Tax Collector

WANAQUE BOARD OF EDUCATION

Principal Property Tax Payers, Current Year and Nine Years Ago

Taxpayer	2012				2003			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
North Jersey District Water Supply Comm.	\$ 16,275,800	1	2.79%		\$ 16,155,800	1	3.25%	
Wanaque Convalescent Center LP	9,240,300	2	1.58%		9,240,300	2	1.86%	
Pulte Communities NJ	8,727,900	3	1.49%		5,666,200	3	1.14%	
DeRubbio & McCauly	5,666,200	4	0.97%		3,840,000	4	0.77%	
Wanaque Building Associates	2,652,200	5	0.45%		3,840,000	5	0.77%	
Arrow ACQ c/o Overseas Partners	2,500,000	6	0.43%		3,317,300	6	0.67%	
Shree Badha Shivan, LLC	2,268,000	7	0.39%		2,086,890	7	0.42%	
Algonquin Gas Transmission	2,086,890	8	0.36%					
Wanaque Realty Corp.	1,939,800	9	0.33%					
Haskell Properties	1,413,300	10	0.24%					
Mountain Lakes Estates Inc.					1,910,700	8	0.38%	
Haskell Products Inc.					1,700,000	9	0.34%	
Haskell Products, LLC					1,265,500	10	0.25%	
Total	\$ 52,770,390		9.03%		\$49,022,690		9.85%	

Source: Municipal Tax Assessor office

WANAQUE BOARD OF EDUCATION

Property Tax Levies and Collections, Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	8,534,783	8,534,783	100.00%	-
2005	9,067,150	9,067,150	100.00%	-
2006	9,493,970	9,493,970	100.00%	-
2007	10,644,596	10,644,596	100.00%	-
2008	11,343,260	11,343,260	100.00%	-
2009	11,167,407	11,167,407	100.00%	-
2010	11,642,356	11,642,356	100.00%	-
2011	12,283,963	12,283,963	100.00%	-
2012	12,959,939	12,959,939	100.00%	-
2013	13,137,681	13,137,681	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year

WANAQUE BOARD OF EDUCATION

Ratios of Outstanding Debt by Type Last Ten Fiscal Years*

Fiscal Year Ended June 30,	Governmental Activities				Percentage of Personal Income	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases	Total District		
2005	-	460,796	145,053	605,850	0.18%	59
2006	18,276,000	415,887	99,912	18,791,799	5.12%	1,836
2007	18,276,000	369,571	84,691	18,730,262	4.52%	1,800
2008	17,826,000	321,793	146,784	18,294,577	3.96%	1,672
2009	17,341,000	272,466	98,003	17,711,469	3.53%	1,541
2010	16,841,000	221,566	69,716	17,132,282	3.49%	1,419
2011	16,301,000	168,973	41,688	16,511,662	3.52%	1,360
2012	15,726,000	114,599	89,141	15,929,740	3.31%	1,432
2013	15,141,000	58,307	68,831	15,268,138	Not Available	1,371

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data

WANAQUE BOARD OF EDUCATION
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2005	-	-	-	0.00%	-	-
2006	18,276,000	-	18,276,000	3.52%	1,786	1,786
2007	18,276,000	-	18,276,000	3.24%	1,756	1,756
2008	17,826,000	-	17,826,000	3.09%	1,629	1,629
2009	17,341,000	-	17,341,000	3.00%	1,509	1,509
2010	16,841,000	-	16,841,000	2.90%	1,394	1,394
2011	16,301,000	-	16,301,000	2.81%	1,342	1,342
2012	15,726,000	-	15,726,000	2.69%	1,414	1,414
2013	15,141,000	-	15,141,000	Not Applicable	Not Applicable	Not Applicable

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit NJ J-6 for property tax data.

^b Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Wanaque	16,339,596	100.000%	16,339,596
Other debt			
Passaic County	376,643,401	2.703%	10,180,671
Passaic County Utility Authority	60,700,000	2.703%	1,640,721
Subtotal, overlapping debt			28,160,988
Wanaque Borough School District Direct Debt			15,199,307
Total direct and overlapping debt			<u>\$ 43,360,295</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation.
Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.
This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Wanaque. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt information as of December 31, 2012

WANAQUE BOARD OF EDUCATION
Legal Debt Margin Information,
Last Ten Fiscal Years

2010	\$ 1,349,293,848
2011	1,331,630,538
2012	1,295,164,931
[A]	<u>\$ 3,976,089,317</u>
[A/3]	<u>\$ 1,325,363,106</u>
[B]	39,760,893 a
[C]	15,199,307
[B-C]	<u>\$ 24,561,586</u>

Equalized valuation basis

Average equalized valuation of taxable property
Debt limit (3 % of average equalization value)
Net bonded school debt
Legal debt margin

	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Debt limit	\$ 22,727,930	\$ 24,516,740	\$ 28,582,378	\$ 32,440,697	\$ 36,944,417	\$ 40,225,350	\$ 41,562,194	\$ 41,186,170	\$ 39,760,893	39,760,893	
Total net debt applicable to limit			2,006	18,645,571	18,147,793	17,613,466	17,082,566	16,469,973	15,840,599	15,199,307	
Legal debt margin	\$ 22,727,930	\$ 24,516,740	\$ 28,580,372	\$ 14,164,697	\$ 19,118,417	\$ 22,884,350	\$ 24,721,194	\$ 24,885,170	\$ 23,920,294	\$ 24,561,586	
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.01%	56.34%	48.25%	43.11%	40.52%	39.58%	39.84%	38.23%	

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey.
Department of Treasury, Division of Taxation.

WANAQUE BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2004	10,293	335,397,405	32,585	6.1%
2005	10,235	341,541,950	33,370	4.6%
2006	10,406	367,009,214	35,269	3.5%
2007	10,945	414,432,425	37,865	3.6%
2008	11,495	462,363,385	40,223	3.3%
2009	12,077	501,871,812	41,556	4.3%
2010	12,144	490,933,344	40,426	8.4%
2011	11,123	469,702,044	42,228	8.6%
2012	11,133	481,045,797	43,209	9.0%
2013	11,148	Not Available	Not Available	8.3%

Source:^a U.S. Bureau of the Census, Population Division, (Estimates July 1, 2003-2012)^b Personal income of the District is based on the County Information.^c U.S. Department of Commerce, County Information 2002-2011.^d N.J. Department of Labor

WANAQUE BOARD OF EDUCATION

Principal Employers,
Current Year and Eight Years Ago

2012

2003

INFORMATION IS NOT AVAILABLE

WANAQUE BOARD OF EDUCATION
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years *

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction									
Regular	63	65	65	60	61	62	56	57	65
Special education	15	15	16	19	19	20	40	50	26
Other instruction	10	8	9	13	20	18	-		20
Support Services:									
Tuition	10	14	14	13	13.5	11.0	-		
Student & instruction related services	3	2	3	2	2	2	13	16	11
General administrative services	5	5	5	8	8	8	7	6	9
Business administrative services	4	4	4	4	4	2	3	3	3.5
Plant operations and maintenance	1	1	1	1	-	3	3	15	2
Pupil transportation	10	10	11	11	3	-	12		-
Total	<u>121</u>	<u>124</u>	<u>128</u>	<u>131</u>	<u>131</u>	<u>126.0</u>	<u>134.0</u>	<u>147.0</u>	<u>136.5</u>

Source: District Personnel Records

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years*

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2004-2005	1,034	12,538,125	12,126	6.77%	91	11.4	1,026.0	983.2	-0.69%	95.83%
2005-2006	1,010	13,321,422	13,190	8.77%	97	10.4	1,002.0	956.0	-2.34%	95.41%
2006-2007	995	14,131,120	14,202	7.68%	94	10.6	982.2	939.2	-1.98%	95.62%
2007-2008	969	15,495,054	15,991	12.59%	86	11.3	992.9	957.8	1.08%	96.46%
2008-2009	950	15,731,407	16,559	3.56%	93.5	10.2	949.7	905.1	-5.83%	95.30%
2009-2010	941	15,819,249	16,811	1.52%	93.5	10.2	918.2	909.7	-3.32%	96.67%
2010-2011	942	15,373,936	16,321	-2.92%	79.2	11.8	934.5	893.8	1.78%	94.88%
2011-2012	932	16,268,064	17,455	6.95%	90.5	10.4	942.8	907.5	0.89%	96.18%
2012-2013	965	16,762,091	17,370	-0.49%	91.0	10.6	951.7	906.7	-0.09%	95.30%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION
School Building Information
Last Ten Fiscal Years*

<u>District Building</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary</u>									
Haskell School (1917)									
Square Feet	70,225	70,225	70,225	70,225	70,225	70,225	70,225	70,225	70,255
Capacity (students)	469	469	469	469	469	469	469	469	469
Enrollment	465	455	443	403	407	407	403	403	413
Wanaque School (1971)									
Square Feet	81,100	81,100	81,100	81,800	81,800	81,800	81,800	81,800	81800
Capacity (students)	574	574	574	574	574	574	574	574	574
Enrollment	569	556	571	566	543	543	535	539	538
<u>Other</u>									
Central Administration (1905)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet									
Central Administration (1965)	2,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet									
Central Administration (1917)	N/A	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2260
Square Feet									

Number of Schools at June 30, 2012

Elementary = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

*School Facilities	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
HASKELL SCHOOL	71,465	73,836	68,147	40,961	70,792	55,927	52,668	35,049	66,202	261,124
WANAQUE SCHOOL	84,527	71,307	66,395	49,038	81,777	65,555	60,840	69,680	59,704	257,362
OTHER FACILITIES	-	-	-	-	-	-	-	-	1,000	12,569
GRAND TOTAL	<u>155,992</u>	<u>145,143</u>	<u>134,542</u>	<u>89,999</u>	<u>152,569</u>	<u>121,482</u>	<u>113,508</u>	<u>104,729</u>	<u>126,906</u>	<u>531,056</u>

(*) School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

WANAQUE BOARD OF EDUCATION

Insurance Schedule June 30, 2013

	Coverage	Deductible
Package - NJSBAIG		
Property-blanket building and contents	\$ 31,091,800	\$ 5,000
Crime coverage	250,000	1,000
Comprehensive general liability	11,000,000	
Business auto coverage	11,000,000	1,000
Employee Benefit Liability	11,000,000	1,000
Environmental Impairment - American Safety	1,000,000	10,000
Boiler and machinery - New Jersey School Board Association Ins. Group	100,000,000	5,000
Umbrella - CAP Program - Fireman's Fund	50,000,000	
Educators Legal Liability	11,000,000	5,000
Workers Compensation - New Jersey School Board Association Ins. Group	2,000,000	
Public Officials Surety Bonds - CAN Surety Treasurer of School Monies	250,000	
Student Accident Coverage - New Jersey School Board Association Ins. Group		
Catastrophic Aggregate Limit	5,000,000	
Catastrophic Cash Benefit	1,000,000	
Coverage - Accident/Medical - Per Injury	5,000,000	

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkott, Cerullo & Cuva, P.A.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Wanaque Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Wanaque Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Wanaque Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

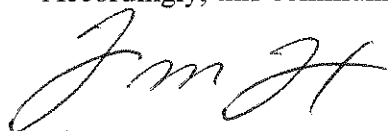
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Wanaque Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Wanaque School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 26, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkotz, Cerullo, & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 26, 2013



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Wanaque School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Wanaque Board of Education's major federal and state programs for the year ended June 30, 2013. The Borough of Wanaque Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Wanaque Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred



to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Wanaque Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Wanaque Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Wanaque Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Borough of Wanaque Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Wanaque Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Wanaque Board of Education's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB Circular 04-04

We have audited the financial statements of the Borough of Wanaque Board of Education as of and for the year ended June 30, 2013, and have issued our report there dated November 26, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



Thomas M. Ferry
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Certified Public Accountants

Newton, New Jersey

November 26, 2013



Schedule A

BOROUGH OF WANAE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2012		Cash Received	Budgetary Expenditures	Balance at June 30, 2013		MEMO Cumulative Total Expenditures
					(Accounts Receivable)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue	
U.S. Department of Agriculture											
Passed - through State Department											
Enterprise Fund:											
Food Distribution Program	10.550	N/A	22,988.24	7/1/12-6/30/13		2,351.46	22,988.24	(23,698.45)		1,680.25	23,698.45
National School Lunch Program	10.555	N/A	95,331.37	7/1/11-6/30/12	(5,553.98)		5,553.98				
National School Lunch Program	10.555	N/A	102,794.66	7/1/12-6/30/13			92,857.27	(102,794.66)	(9,937.39)		102,794.66
School Breakfast Program	10.553	N/A	2,863.62	7/1/11-6/30/12	(742.23)		742.23				
School Breakfast Program	10.553	N/A	4,787.37	7/1/12-6/30/13			4,387.00	(4,787.37)	(430.37)		4,787.37
Special Milk Program	10.556	N/A	46.56	7/1/11-6/30/12	(2.46)		2.46				
Special Milk Program	10.556	N/A	22.14	7/1/12-6/30/13	(6,298.67)		19.25	(22.14)	(2.89)		22.14
Total Enterprise Fund						2,351.46	126,530.43	(131,283.62)	(10,370.65)	1,680.25	131,283.62
U.S. Department of Education											
Passed - through State Department											
of Education:											
Special Revenue Fund:											
Title I - Improving Basic Programs	84.010	NCLB544013	105,381.00	9/1/12-8/31/13			61,763.63	(94,138.62)	(32,374.99)		94,138.62
Title I - Improving Basic Programs	84.010	NCLB544012	82,022.00	9/1/11-8/31/12	(29,643.37)		34,345.37	(10,478.00)	(5,776.00)		79,362.08
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB544011	57,200.00	9/1/10-8/31/11	(9,676.00)		9,676.00				57,200.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB544012	30,098.00	9/1/11-8/31/12	(22,450.40)		28,072.60	(7,427.50)	(1,805.30)		29,877.90
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB544013	27,076.00	9/1/12-8/31/13			496.40	(5,865.21)	(5,368.81)		5,865.21
Title IV - Safe and Drug Free Schools	84.196	NCLB544010	2,776.00	9/1/09-8/31/10							
I.D.E.A. Part B - Basic Regular	84.027	IDEA544012	246,795.00	9/1/11-8/31/12	18,900.96		34,902.00	(51,135.96)	(8,627.19)		51,135.96
I.D.E.A. Part B - Basic Regular	84.027	IDEA544013	250,135.00	9/1/12-8/31/13			241,198.00	(249,825.19)			249,825.19
I.D.E.A. Part B, Preschool	84.173	IDEA544012	13,876.00	9/1/11-8/31/12			583.00	(583.00)			13,876.00
I.D.E.A. Part B, Preschool	84.173	IDEA544013	13,921.00	9/1/12-8/31/13			13,921.00	(13,921.00)			13,921.00
Total Special Revenue Fund						18,900.96	424,560.00	(433,374.48)	(53,950.29)	2,793.00	596,670.94
Total Federal Financial Awards						21,262.42	551,490.43	(564,658.10)	(64,320.94)	1,680.25	727,954.95

See accompanying notes to Schedules of Expenditures of Federal awards and State Financial Assistance.

BOROUGH OF WANAUKE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2012		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2013		MEMO	
				Deferred Revenue (Accts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Reimbursed TPAF Social Security	13-495-034-5095-002	599,890.71	7/1/12-6/30/13			571,206.16	(599,890.71)		(28,684.55)		*	599,890.71
Equalization Aid	13-495-034-5120-078	1,856,664.00	7/1/12-6/30/13			1,679,598.00	(1,856,664.00)				*	1,856,664.00
Categorical Special Education Aid	13-495-034-5120-089	540,085.00	7/1/12-6/30/13			498,578.00	(540,085.00)				*	540,085.00
Categorical Transportation Aid	13-495-034-5120-014	49,508.00	7/1/12-6/30/13			44,786.00	(49,508.00)				*	49,508.00
Categorical Security Aid	13-495-034-5120-084	17,767.00	7/1/12-6/30/13			16,073.00	(17,767.00)				*	17,767.00
Extraordinary Special Education Costs Aid	12-100-034-5120-473	128,032.00	7/1/11-6/30/12	(128,032.00)		128,032.00	(90,475.00)		(90,475.00)		*	90,475.00
Extraordinary Special Education Costs Aid	13-100-034-5120-473	90,475.00	7/1/12-6/30/13			6,698.48	(10,786.39)		(10,786.39)		*	10,786.39
Non Public Transportation Aid	12-100-034-5120-068	6,698.48	7/1/11-6/30/12	(6,698.48)							*	
Non Public Transportation Aid	13-100-034-5120-068	10,786.39	7/1/12-6/30/13	(134,730.48)		2,934,971.64	(3,165,176.10)		(129,945.94)		*	3,165,176.10
Total General Fund												
Debt Service Fund:												
Debt Service Aid - Type 2	13-495-034-5120-017	436,995.00	7/1/12-6/30/13			436,995.00	(436,995.00)				*	436,995.00
Total Debt Service Fund												
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook Aid	13-100-034-5120-064	6,235.00	7/1/12-6/30/13			6,235.00	(6,235.00)				*	6,235.00
Auxiliary Services:												
Compensatory Education	12-100-034-5120-067	38,040.00	7/1/11-6/30/12								*	
Compensatory Education	13-100-034-5120-067	28,427.00	7/1/12-6/30/13		11,627.00	28,427.00	(28,427.00)	(11,627.00)		26.00	*	28,427.00
Technology Aid	13-100-034-5120-373	2,301.00	7/1/12-6/30/13		3.00	2,301.00	(2,275.00)	(3.00)			*	2,275.00
Nonpublic Nursing	12-100-034-5120-070	8,448.00	7/1/11-6/30/12								*	
Nonpublic Nursing	13-100-034-5120-070	8,654.00	7/1/12-6/30/13			8,654.00	(8,654.00)				*	8,654.00
Handicapped Services:												
Supplemental Instruction	12-100-034-5120-066	12,627.00	7/1/11-6/30/12		5,612.00			(5,612.00)			*	
Supplemental Instruction	13-100-034-5120-066	11,865.00	7/1/12-6/30/13			11,865.00	(11,865.00)				*	11,865.00
Examination and Classification	12-100-034-5120-066	17,546.73	7/1/11-6/30/12		1,291.27			(1,291.27)			*	
Examination and Classification	13-100-034-5120-066	16,560.00	7/1/12-6/30/13			16,560.00	(16,560.00)				*	16,560.00
Corrective Speech	12-100-034-5120-066	8,847.00	7/1/11-6/30/12		1,747.31			(1,747.31)			*	
Corrective Speech	13-100-034-5120-066	9,374.00	7/1/12-6/30/13			9,374.00	(9,374.00)				*	9,374.00
Total Special Revenue Fund					20,286.84	83,416.00	(83,390.00)	(20,286.84)		26.00	*	83,390.00
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program	12-100-010-3350-023	3,854.08	7/1/11-6/30/12	(229.02)		229.02			(621.67)		*	4,072.35
National School Lunch Program	13-100-010-3350-023	3,827.51	7/1/12-6/30/13			3,450.68	(4,072.35)		(621.67)		*	4,072.35
Total Enterprise Fund												
Total State Financial Assistance					20,286.84	3,459,062.34	(3,669,633.45)	(20,286.84)	(130,567.61)	26.00	*	3,669,633.45

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Wanaque School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(8,964.00) for the general fund and \$(26,388.75) for the special revenue fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Borough of Wanaque District
Notes to the Schedules of Expenditures of Federal Awards and
State Financial Assistance
June 30, 2013

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NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS
(Continued)

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2013 fiscal year was \$933,254.00.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$3,165,176.10	\$ 3,165,176.10
Special Revenue Fund	433,374.46	83,390.00	516,764.46
Debt Service Fund	-	436,995.00	436,995.00
Food Service Fund	<u>131,283.62</u>	<u>3,827.51</u>	<u>135,111.13</u>
Total Financial Awards	<u>\$564,658.10</u>	<u>\$3,689,388.61</u>	<u>\$4,254,046.69</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Borough of Wanaque School District had the following loan balances outstanding at June 30, 2013:

Safe Schools Program	\$47,141.42
Small Projects Program	<u>11,165.84</u>
	<u>\$58,307.26</u>

NOTE 6. OTHER

Revenues and expenditures reported under Food Donation Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on behalf of the District. These expenditures are not subject to New Jersey OMB Circular 04-04 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore, have not been included on the Schedule of State Financial Assistance, as directed by the funding agency.

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified? yes X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported
In accordance with section .510(a) of Circular A-133? yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

I.D.E.A. Cluster:

84.027
84.173

I.D.E.A. Part B - Basic
I.D.E.A. Part B - Preschool

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk audited? yes X no

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not
Considered to be material weaknesses? yes X none reported

Type of auditor's report on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported
in accordance with NJOMB Circular 04-04? yes X no

Identification of major programs

<u>State Grant/Project Number(s)</u>		<u>Name of State Program</u>
<u>13-495-034-5120-078</u>	(1)	State Aid - Public Cluster: <u>Equalization Aid</u>
<u>13-495-034-5120-089</u>	(1)	<u>Special Education Categorical Aid</u>
<u>13-495-034-5120-084</u>	(1)	<u>Security Aid</u>
<u>13-495-034-5095-002</u>	(2)	<u>Reimbursed TPAF Social Security</u>
<u>13-100-034-5120-125</u>	(1)	<u>Debt Service Aid - Type 2</u>

- (1) Audited as a Type A Program
(2) Not required to be audited as a major program

Section II - Schedule of Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported.

**BOROUGH OF WANAQUE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Status of Prior Year Findings

There were no prior audit findings.